FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

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Latin America

FBIS-LAT-94-198 *13 October 1994*

CONTENTS

NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

INTER-AMERICAN AFFAIRS

Central American Leaders Hold Ecological Summit 1
Panamanian President Remarks on Cedras *[Managua Radio]* 1
Salvadoran President Interviewed *[Managua Radio]* 1
Nicaragua's Chamorro Opens Summit *[Managua Radio]* 1
Delegations Define Miami Summit Position *[Managua TV]* 2
Mercosur Meeting Expected To Clarify Chilean Interests *[Madrid EFE]* 3

CARIBBEAN

Cuba

Alarcon: Delegation to Migration Talks Unchanged *[PRENSA LATINA]* 4
Robaina Meets With Foreign Ministers in New York *[Havana Radio]* 4
Parlatino Examines Modification of By-Laws *[PRENSA LATINA]* 4
Council of Ministers Vice President Ends Galician Visit *[Havana TV]* 4
Envoy Elected UN Commission Vice President 11 Oct *[Havana TV]* 5
International Housing Conference Begins in Havana *[Havana TV]* 5
Telecommunications Union Elects Country as Member *[PRENSA LATINA]* 5
Foreign Ministry Spokesman on UN Democratization *[Havana TV]* 5
More Than 900 Firms To Participate in Havana Fair *[Havana Radio]* 6
TRABAJADORES Views Downward Trend of Sugar Industry *[PRENSA LATINA]* 7
Group Designs System for Sodium Nitrate Production *[Havana Radio]* 7
New Agrarian Contingent Formed in Bayamo *[Havana TV]* 7
Juragua Plant Workers Complete Turbogenerator Installation *[Havana Radio]* 8

Haiti

Malval Government Takes Control of Public Administration *[Port-au-Prince Radio]* 8
Senate Votes To Move Government Offices to Military Sites *[Port-au-Prince Radio]* 8
Mayor Paul Views Cleanup, Presidential Candidacy *[Port-au-Prince Radio]* 8
Episcopal Conference Views Military Intervention *[Port-au-Prince Radio]* 9

MEXICO

Zedillo Comments on Border Issues With U.S. *[LA JORNADA 11 Oct]* 10
Ambassadors Join Protest Over Operation Guardian *[UNOMASUNO 12 Oct]* 10
PJF Ties to Sonora Drug Traffickers Alleged *[LA JORNADA 6 Oct]* 11
Aspe on Clearances for Foreign Financial Intermediaries *[Mexico City TV]* 11
Secretariat Eliminates Quotas on Imported Steel *[NOTIMEX]* 12
Official, Industry Leader on Economic Prospects *[LA JORNADA 6 Oct]* 12

CENTRAL AMERICA

El Salvador

President Considers Haitian Peacekeeping Effort *[San Salvador TV]* 14
President, 6 Others Resign From ARENA Leadership *[EL DIARIO DE HOY 10 Oct]* 14
ERP Organization Holds Emergency Meeting *[LA PRENSA GRAFICA 10 Oct]* 14

Guatemala

Renewed Talks With URNG Scheduled for 20 Oct *[PRENSA LIBRE 11 Oct]* 15

Panama

Perez Balladeres Interrupts Summit for Cedras Arrival *[Panama City TV]* 15
Comments on Anticipated Arrival *[Panama City TV]* 16
Cedras Makes Statement Upon Morning Arrival *[Panama City TV]* 16
Reportedly To Go to Taboga Island *[Panama City TV]* 17
Presidency Spokesman Comments *[Panama City Radio]* 17
Opposition, Parties React to Possible Asylum *[LA PRENSA 12 Oct]* 17
'False Bomb Threat' at Foreign Ministry *[ACAN]* 18
Government Economic Plan Published 10 Oct *[EL SIGLO 10 Oct]* 18
Finance Minister Denies Plan Imposed *[EL SIGLO 10 Oct]* 28
Planning Minister on Implementation *[EL PANAMA AMERICA 10 Oct]* 28

SOUTH AMERICA

Argentina

Di Tella: Government Would Accept Haiti's Cedras *[TELAM]* 29
Detained Syrian Citizen Released; 2 Others Held *[NOTICIAS ARGENTINA]* 29
Chile's Frei Interviewed During Stopover *[TELAM]* 29
Federal Judge Views Antidrug War as 'Failure' *[LA NACION 9 Oct]* 29

Bolivia

Quiroga Warns Incoming U.S. Envoy Against 'Excesses' *[HOY 28 Sep]* 30
Daily Criticizes U.S. Envoy's Comments on Drug Policy *[HOY 30 Sep]* 31
Foreign Minister Stresses Relations With U.S. *[LOS TIEMPOS 6 Oct]* 32
Potosi Becoming 'Bridge' for New Drug Trafficking Route *[HOY 6 Oct]* 32

Brazil

TSE Report: 99.4 Percent of Ballots Tallied *[AGENCIA ESTADO]* 32
TSE Reports Figures on Deputies' Elections *[Rio de Janeiro TV]* 33
Vote Count Not Finished in Maranhao, Rio de Janeiro *[Rio de Janeiro TV]* 33
Police Disclose Fraud Delaying Rio Vote Count *[Rio de Janeiro TV]* 33
Politicians, Analysts Examine Voter 'Indifference' *[JORNAL DO BRASIL 6 Oct]* 34
Editorial Views Blank, Null Votes as 'Warning' *[O ESTADO DE SAO PAULO 9 Oct]* 34
Contacts Begin To Guarantee Support for Cardoso *[Madrid EFE]* 35
Cardoso Plans Secretariat To Fight Corruption *[O ESTADO DE SAO PAULO 6 Oct]* 36
Amorim Views UN Security Council, Americas Summit *[JORNAL DO BRASIL 9 Oct]* 36
Iraqi Trade Mission Visits; Mideast Trade Viewed *[O ESTADO DE SAO PAULO 11 Oct]* 36
Correction to Cardoso Opens News Conference 37

Chile

Court Ruling Against Mapuches Sparks Protests *[Santiago TV]* 37

Colombia

Valdivieso: Cali Cartel Not To Benefit From Cooperation *[Santa Fe de Bogota TV]* 37
Officials Meet To Discuss Jail Corruption Case *[Santa Fe de Bogota TV]* 38

Paraguay

Main Senad Case Suspect Questioned by Civilian Judge *[ULTIMA HORA 11 Oct]* 38
Detained Brazilian Linked to Apparent DEA Operation *[ULTIMA HORA 11 Oct]* 39
'Enormous' Cocaine Shipments Made to U.S. *[NOTICIAS 12 Oct]* 40
Dinar Chief, Family Receiving Death, Kidnapping Threats *[ABC COLOR 12 Oct]* 40
Wasmosy Denies Detentions Made in Rodriguez Case *[Asuncion TV]* 40
Wasmosy on 'Hornet's Nest' of Powerful Traffickers *[NOTICIAS 12 Oct]* 41
Former Senad Director Testifies on Parque Cue Case *[ULTIMA HORA 12 Oct]* 41

Peru

State of Emergency Extended 60 Days in Pasco, Puno *[Lima Radio]* 42

Uruguay

Foreign Minister on Haiti's Cedras, Upcoming Menem Visit *[Montevideo Radio]* 42

Venezuela

Miraflores Declaration Addresses Need To Control Guerrillas *[Caracas Radio]* 42
Colombia's Samper Cited on Meeting With Caldera *[Madrid EFE]* 43
Discusses Congress, Democratic Struggles *[Caracas Radio]* 43
Explains Economic Strategy *[Caracas Radio]* 44
Says Discussions on Gulf Continuing *[Caracas TV]* 44

Suriname

Paper: Unrest Grows Among Army Officers *[Rotterdam NRC HANDLESBLAD 11 Oct]* 45
Civil Servants Call for General Strike *[Rotterdam NRC HANDELSBLAD 11 Oct]* 45

Central American Leaders Hold Ecological Summit

Panamanian President Remarks on Cedras

PA1210172194 Managua Radio Nicaragua Network in Spanish 1619 GMT 12 Oct 94

[Interview with Panamanian President Ernesto Perez Balladares by unidentified reporters upon arrival at Managua International Airport—live]

[FBIS Translated Text] [Perez Balladeres] We are very happy to be here for the Central American Ecology Summit, especially because it is taking place in this land where we have personal links in addition to political links, considering that my father is Nicaraguan by birth.

Our participation here with our Central American brothers in this meeting in the land of Ruben Dario is a source of much pride and pleasure.

[Reporter] [Words indistinct]

[Perez Balladares] If there is a request from President Aristide, we would consider it, but there is no asylum offer.

[Reporter] [Words indistinct]

[Perez Balladares] You know we favor a climate of peace and hope these people may resolve the problems which they have and which have forced them to leave their island, their country. It is evident they do not want to stay in Panama; they want to reach the United States somehow. Their protests are directed at securing their objective: reaching the United States. We can understand those protests taking place. This problem is one they, the U.S. Government and the military authorities, must resolve.

Salvadoran President Interviewed

PA1210164994 Managua Radio Nicaragua Network in Spanish 1539 GMT 12 Oct 94

[Interview with Salvadoran President Armando Calderon Sol by unidentified reports upon arrival at Managua International Airport—live]

[FBIS Translated Text] [Calderon Sol] It is a pleasure to be here in Nicaragua to participate in the Central American Ecology Summit, which will serve to bolster Central American integration, especially now as we discuss this proposal for an alliance for sustained development throughout the region.

We have come to work for the future of our children, to safeguard our environment, and to think about how to resolve ecological problems, the issue on which this summit will put emphasis.

This summit is a most important one. For me, it is a source of much satisfaction to be here and to see Central America, which is improving daily and consolidating democracy and peace. I am now at your disposal.

[Reporter] [Words indistinct]

[Calderon Sol] We will discuss various issues, and that one could apparently also be discussed during the summit, and Central America, the countries of Central America, could be represented in Haiti. We have said El Salvador is prepared to cooperate in the humanitarian phase. We have technology for reconstruction works. We have carried out several social programs in El Salvador and implemented reconstruction programs at the national level. We could offer to Haiti this assistance, this acquired technology by Salvadoran technicians.

[Reporter] [Words indistinct]

[Calderon Sol] We know that U.S. Vice President Al Gore will come. For the Salvadorans, I, as president of El Salvador, will broach an important issue, such as the request to extend the stay of the Salvadorans in the United States. I will request this extension. We have already requested it. We will discuss this matter with Vice President Al Gore. We will also discuss trade issues. Trade with the United States is an issue most important for Central America as a whole and for El Salvador.

[Reporter] [Words indistinct]

[Calderon Sol] We are searching for that. Central America wants parity with NAFTA. We believe Central America is a most important geopolitical region that cannot be at a disadvantage in relation to Mexico in the field of investments and trade with the United States. The search for this parity is a struggle being waged by all the Central American countries and the entire region.

Nicaragua's Chamorro Opens Summit

PA1210215394 Managua Radio Nicaragua Network in Spanish 1825 GMT 12 Oct 94

[Speech by Nicaraguan President Violeta Chamorro to open the Central American Ecological Summit for Sustained Development, at the Olof Palme Convention Center in Managua on 12 October—recorded]

[FBIS Translated Text] I want to cordially welcome you to this first ecological summit on Central American soil. This is the first time chiefs of state are meeting to take on this issue, which is so important for future Central American generations. Some years ago, Central America went through the worst crisis of its history. It was burdened by conflicts and division. Now we have a new Central America where democratic values are shared by people who believe in the same objectives of peace, reconciliation, and respect for the will of the people freely expressed in the polls.

We are building the foundation for a new era of regional integration and well-being. We aspire to consolidate achievements secured during our peace and democratization processes so we can direct all our efforts toward sustained development to improve the standard of living of the Central American people and safeguard our natural resources.

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In celebrating this ecological summit, we must not forget that Central America is the center of the American continent. It unites North and South, the Pacific and Atlantic. We have been a point of unity and amalgamation for many races and cultures. This has been our geographic, historic, and human destiny from the moment two continents and two worlds found each other five centuries ago on a day we commemorate today, 12 October.

We have adopted the feathered serpent as a symbol of this ecological summit. This serpent has been the object of cults and the worship of our ancestors throughout Central America. We Nicaraguans found this symbol in Asososca Lake, a few kilometers from here. It has withstood rain, wind, earthquakes, and volcanic eruptions. It is a testimony to the resistance and nobility of our people in the face of adversity. This symbol was discovered in 1850 by (Snyder), a U.S. explorer.

We are meeting with the conviction that Central America's environment, one of the richest and most diverse in the world, must have a rebirth, yield fruit, be free, and support sustained development, which we want to again proclaim as a goal of our government and as a good objective for the entire region. We are seeking a definite option that may lead the countries of the region to improved economic well-being, a more honorable way of living, lasting peace, and the consolidation of democracy from Peten to Darien. In this way alone can we give our children a prosperous Central America on the eve of the 21st Century. We Central Americans who live on these 500,000 square km of land trust and hope we will be able to join efforts to secure sustained development as the best option for solving the growing ecologic, economic, and social problems we face.

For this purpose, we Central Americans have decided to sign at this ecological summit in Nicaragua an historic alliance for sustained development that will mark a new path for the people of this region. We want to abandon ignorance, poverty, illness, and violence. We want to secure education, welfare, health, and safety with respect for individual rights and nature.

The future of this Central American alliance depends not only on our work but also on support from the international community. I appeal to countries and organizations to decidedly support this new model for sustained development which we Central Americans are today proudly offering the world.

Dear friends, 30 million Central Americans have many things in common to share. We are a single geographic region with abundant natural resources, the same geologic conditions, and the same climate. We are the cradle of great indigenous cultures. We form part of the same historic process.

In Central America, borders no longer separate us. On the contrary, nature unites us along our coastlines, mountains, lakes, and forests. Countless species make the diversity of our flora and fauna evident. It is present in the cays of the tropical sea that surrounds us and on the highest mountain tops.

We are a great family of 30 million brothers. We are the largest congregation of nations in the world proportionately speaking, considering the small geographic space we occupy on the continent. Indian, European, and African ethnic groups coexist here while safeguarding their cultures and practicing their traditional values. For the first time in the history of Central America, we are enjoying a reconciliation that has allowed us to leave behind fratricidal wars and disputes as well as dictatorial and totalitarian regimes. The representatives of the people have been democratically elected by the people.

Dear friends, this is an historic moment for the region. We are going to give the world new evidence of our determination and turn Central America into a model of sustainable development. The governments and civilian society will share responsibilities so we may hand down to future generations a revitalized and prosperous Central America. We Central Americans have two big tasks ahead of us: to improve land production by means of a rational and sustainable handling of our natural resources and to continuously care for our environment, with all its potential for biodiversity, upon which the life and survival of our people depends to a great extent. As citizens of this planet, as owners of 10 percent of the world's biologic wealth, as a people who trust in God, love freedom, and want order, peace, and progress, and as representatives of our nations, let's reconcile ourselves with nature to pass on a better future to our nations and the world. Thank you.

Delegations Define Miami Summit Position

PA12i0223594 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 11 Oct 94

[From the "National Newscast"]

[FBIS Translated Text] Central American and U.S. delegations [words indistinct] today presented their positions on the upcoming hemispheric summit in Miami. The central issue was definitely trade.

The Central Americans today established their basic documents for the Ecological Summit and for the upcoming hemispheric summit. At today's meeting, positions were set out on what U.S. policy should be toward the isthmus.

The Central Americans brought up trade issues, as these will be the central points they will bring to the hemispheric summit. Everything was clearly presented to the U.S. delegation.

Although the Central Americans will discuss ecological issues in the coming days, these issues cannot be considered unless they have the necessary support.

[Begin Nicaraguan Deputy Foreign Minister Jose Pallais recording, in progress]...and the need at this summit for the

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United States to announce or define a general strategy or policy for a free trade agreement; that is, the integration of the entire hemisphere. Expectations are that the United States will do so, and this afternoon that intention was stressed. [end recording]

It appears that the Central Americans' demand had a bearing on U.S. policy.

[Begin Charles Gillespie, general coordinator of the Ibero-American Summit, recording] We are thinking about how to draw up an agreement for the economic integration of the hemisphere. That is the summit's challenge. If the presidents and leaders of the hemisphere can reach an agreement on how to achieve that goal, it would be a wonderful achievement. [end recording]

He also referred to the ecological issue, stating that one must consider not only how we will eat today, but how future generations will do so.

Mercosur Meeting Expected To Clarify Chilean Interests

PY1210133994 Madrid EFE in Spanish 2336 GMT 11 Oct 94

[FBIS Translated Text] Santiago, 11 Oct (EFE)—Chilean Foreign Minister Jose Miguel Insulza has stated that the Mercosur [Common Market of the South] meeting that began today, 11 October, in Montevideo, seeks the clarification of some points that are not satisfactory for Chile.

Insulza explained that Mercosur "has given an answer to our memorandum on a more concrete basis in the quest for an agreement, and once we reach an agreement on the text, the rest will be mere negotiation, that is, to learn which products will be included on which list."

He added that the meeting seeks to clarify those points, "and I hope the essential basis of the agreement will come out of that meeting."

The Chilean Government gave up its decision to seek an association with Mercosur and begin negotiations to create a free trade zone in the area.

The Chilean proposals for a gradual rapprochement with the market of the four Mercosur countries include the preparation of a "memorandum of understanding" that would establish the general guidelines, a framework agreement for economic complementation, and bilateral tariff protocols.

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Cuba

Alarcon: Delegation to Migration Talks Unchanged

PA1310021394 Havana PRENSA LATINA in Spanish 0009 GMT 13 Oct 94

[FBIS Translated Text] Havana, 12 Oct (PL)—Chief Cuban negotiator Ricardo Alarcon announced here on 12 October that Cuba will attend the meeting on migration issues with the United States represented by the same delegation that signed the bilateral agreement on 9 September in New York City.

In a brief exchange with PRENSA LATINA, the well-known diplomat and president of the National Assembly (parliament) advanced that there are no changes in the island's negotiating team, which is made up of Jose Arbesu, Carlos Fernandez de Cossio, and Olga Miranda.

He said the meeting scheduled for 24 October in this capital must examine compliance with the commitments acquired by the two parties in that North American city.

Alarcon emphasized that so far Cuba has done more toward the implementation of the agreement, but "my impression is that the United States is willing to comply with the agreement."

The negotiator added that he hopes that the talks in Havana will analyze specific measures in order to achieve their full implementation.

The discussion of restrictions implemented by U.S. President William Clinton on 20 August is not specified in the New York City agreement, Alarcon said in reply to a question on the possible annulment of such provisions that placed maximum limitations on flights between the two countries.

He added, however, that it is difficult to talk about compliance with the agreements when there are no trips or communication among families.

The restrictions applied by the White House during the so-called rafters crisis also included a drastic cut in remittances as well as shipments of medicine, clothing, and food from Cuban-Americans to their relatives in this country.

The migration issue, along with the blockade, is related to many others, including financial transfers, correspondence, and telecommunications, Alarcon pointed out.

When asked about a recent agreement signed by Cuba and several U.S. telecommunications companies, Ricardo Alarcon said it is a positive development associated with another negotiation process.

Robaina Meets With Foreign Ministers in New York

FL1310014994 Havana Radio Reloj Network in Spanish 2044 GMT 12 Oct 94

[FBIS Translated Text] Foreign Minister Roberto Robaina continues his jam-packed agenda this week in New York during the 49th session of the UN General Assembly.

During a news conference about Robaina's recent activities, Ministry of Foreign Relations spokesman Miguel Alfonso said Robaina has met with another 20 foreign ministers, bringing the total number of foreign ministers with whom he has held meetings to 60.

During the past week Robaina met with members of the U.S. Jewish community, the World Council of Churches, and Cuban academics residing in the United States. At the United Nations, Robaina met with UN Secretary General Butrus Butrus-Ghali, and with sectors of the U.S. news media.

Parlatino Examines Modification of By-Laws

PA1210223794 Havana PRENSA LATINA in Spanish 2108 GMT 10 Oct 94

[FBIS Translated Text] Caracas, 10 Oct (PL)—Cuba today spoke out in favor of the Latin American Parliament (Parlatino) promotion of the creation of a community of nations on the subcontinent, as a fundamental goal favoring the integration process.

Cuban Deputy Ramon de la Cruz Ochoa is participating in a meeting of the Legal Affairs Subcommission of the regional legislative body, that through Wednesday will examine changes to the institution's charter and by-laws.

The Cuban National Assembly's president of the Constitutional and Legal Affairs Commission told PRENSA LATINA that the creation of a Latin American community of nations should be fully established in the draft bill aimed at reforming Parlatino documents.

In his opinion, for the regional body to be strengthened and for it to comply with the duties of legislating, controlling, and supervising, there should be a Latin American community of nations.

Among the proposed changes stands out the inclusion of universal, direct, and secret elections to integrate at least half of the member states' parliamentary delegations.

In this regard, Paraguayan Victor Hugo Sanchez, president of Parlatino's commission on legal matters, indicated that this change implies the taking into consideration of issues such as the eventual obligation by each one of the nations to comply with the regional body's decisions.

He also mentioned the need to take into consideration the existence of some incompatibility among those who are simultaneously legislators in their own nations and representatives to Parlatino.

Sanchez indicated that the decisions made at this encounter shall be taken up at the Legal Commission's plenum during a meeting in Havana, Cuba, next month.

Council of Ministers Vice President Ends Galician Visit

FL1210182994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Oct 94

[From the "NTV" newscast]

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[FBIS Translated Text] Manuel Fraga, president of the Galician Government [autonomous region in Spain], bid farewell to Jose Ramon Fernandez, Cuban Council of Ministers vice president, at the Santiago de Compostela airport on 11 October. Fraga repeated that he rejects the U.S. blockade of Cuba and said that his four meetings with Fernandez during Fernandez's four-day visit to Galicia were sincere and open. His presence at the aiport was seen as a special gesture to the Cuban people since Fraga does not normaly go to (Avedro) Airport to bid farewell to his guests.

Envoy Elected UN Commission Vice President 11 Oct

FL1210183794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] Abelardo Moreno Fernandez, Cuban minister adviser [ministro consejero] to the UN permanent mission, was elected vice president of the Special Political and Decolonization Commission on 11 October. The Cuban diplomat was elected during the United Nations' third working session, one of the most important of the current UN General Assembly sessions. Moreno's term ends in September 1995, with the beginning of the new period of sessions. The Special Political and Decolonization Commission will study over 150 issues, including decolonization, peacekeeping, and other issues.

International Housing Conference Begins in Havana

FL1210185894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] Representatives from 10 countries are participating in the Third International Conference on Urban Development and Housing, which opened at the Havana Convention Center on 11 October. A house is one of man's most precious possessions. Housing and urban development specialists have been getting together to discuss the worlwide housing problem since 1987, a problem that has yet to be solved for many people. Home construction using locally available materials, as well as the design and technology of low-energy homes are the essential topics being discussed at the third conference. National Housing Institute President Enrique Anavitarte was interviewed on Cuba's experience during a break in the sessions. Anavitarte said that although the special period has limited the amount of low-cost housing that is available, more than 12,000 houses had been completed by August—particularly in the agricultural and sugarcane sectors—and 20,000 houses would be completed by 1995:

[Begin Anavitarte recording] The goal is to build 30,000 houses in 1995, with local and medium-sized enterprises producing building materials. [end recording]

Anavitarte explained that if small and mediuim-sized enterprises were to increase the supply of building materials, the materials needed to maintain and repair houses could be made available to Havana consumers by year's end:

[Begin Anavitarte recording] Building materials are sold in other places but not yet in Havana. However, we want to increase production of building materials to be able to sell to the people, so that they can take care of the basic maintenance of their houses. We hope to start selling these supplies in Havana's municipalities beginning in November or December. [end recording]

Over 100 foreign delegates and 150 Cuban delegates are participating in the conference, which will close on 14 October.

Telecommunications Union Elects Country as Member

PA1210170094 Havana PRENSA LATINA in Spanish 1348 GMT 11 Oct 94

[FBIS Translated Text] Havana, 11 Oct (PL)—It was officially reported here today that Cuba was elected as a member of the Council of the International Telecommunications Union (ITU) for the second time during the plenipotentiary meeting being held in Kyoto, Japan.

According to a news release from the Communications Ministry, the Council is the main leadership group of ITU, an intergovernment institution in charge of regulating and coordinating international telecommunications.

The conference of plenipotentiaries consists of 45 members from five geographical areas. This continent holds eight [number as received] seats which were occupied by Canada, the United States, Brazil, Argentina, Mexico, the Bahamas, and Chile in previous years.

Foreign Ministry Spokesman on UN Democratization

FL1310023994

[FBIS Editorial Report] Havana Cuba Vision Network in Spanish at 0304 GMT on 12 October carries its regularly scheduled "Open Agenda" program. The program covers efforts to democratize the United Nations. Host Antonio Resillez introduces guest Eumedio Caballero, director of multilateral affairs of the Cuban Foreign Ministry.

Resillez and Caballero state that Cuba's opinion on the need to restructure, renovate, and democratize the United Nations is shared by many other countries. Caballero adds: "There are several trends in the United Nations. One of these is to try to take advantage of the process to promote a series of initiatives aimed at increasing control and influence over the organization, thus not democratizing the United Nations at all. This tendency reflects the position of a group of powerful countries."

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Caballero and Resillez go on to discuss the need for the democratization of UN institutions and mechanisms. Resillez asks: "Does the fact that Cuba's Foreign Ministry has critical opinions on the UN democratization process, as we have seen in Foreign Minister Roberto Robaina's address to the UN General Assembly, mean that Cuba does not value the purpose and importance of the United Nations as a forum for universal consensus and opinion"?

Caballero responds: "On the contrary, I would say that the Foreign Ministry has given priority to the issue of the United Nations' democratization process, as I mentioned—priority in all spheres because we think that the United Nations' role is tremendously important, especially in the world's current situation. We think that in this unilateral world in which we live, it is of prime importance to all developing and small countries like Cuba to have that universal forum, a forum where the fundamental principal of the equality of countries during debates, in consensus, and in unified efforts to find solution to the serious problems humanity is facing is respected."

Resillez and Caballero had a telephone conversation with Abelardo Moreno, minister adviser to Cuba's permanent mission in the United Nations, who is in New York. Resillez and Caballero congratulate Moreno for his recent election as vice president of the United Nations' Special Political and Decolonization Commission.

Resillez and Caballero go on to discuss the fact that the United Nations will soon celebrate its 50th anniversary, and Resillez asks if Cuba has any events or activities scheduled in honor of the United Nations. Caballero points out that: "Cuba is among the first countries to organize a national committee to commemorate this event. This committee is presided over by Comrade Roberto Robaina and comprises a great number of governmental and nongovernmental organizations. We have been active in many areas. The objective is to do a critical analysis of the United Nations: its results, deficiencies, and the need for its system to be democratized. Also to inform all Cubans of the assistance we received from the various United Nations agencies. There is also a United Nations committee presided over by Australia's ambassador, which has been working intensively. The committee's objective is to prepare a statement that is to be approved by the heads of state next year during a special General Assembly session on 24 and 25 October. I would like to highlight the fact that Cuba presides over the work group created by the nonaligned nations, to prepare a statement that will contribute to the work of the committee I just mentioned."

Resillez thanks Caballero for his participation in tonight's program.

More Than 900 Firms To Participate in Havana Fair

PA1210223694 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Oct 94

[Report by Guillermo Alvarado; from the "Economic Segment" of the "Evening Information Review" newscast]

[FBIS Translated Text] As done in previous years, Havana's International Fair will be held at the Expo Cuba installations from 30 October to 6 November. More than 900 foreign firms have confirmed their participation in this commercial exhibit.

According to Abraham Maciques, president of Cubanacan Corporation and official responsible for the event, the number of participants shows the international prestige that Cuba's most important exhibit has and the trust of foreign investors in our country despite the economic crisis and the U.S. blockade.

It has been reported that this will be the largest fair so far in the country. A total of 8,200 square meters have been assigned to the international sector and approximately the same number of meters to the local sector, a sector that will be represented by more than 150 firms.

Havana's 12th international fair will include representatives from almost 45 countries throughout America, Europe, and Asia, which will exhibit high technology products.

Of the countries that will participate in the event, Spain will have the largest exhibition area, with approximately 2,000 square meters. Other countries have large spaces too, including Panama, Venezuela, Mexico, and European Union nations like Italy, Germany, and France.

It was also reported that there are countries that will participate in the fair for the first time. Honduras, Bahamas, and Martinique were mentioned among these. This is viewed as a sign of an increase in Cuba's ties with the region.

As we mentioned before, in addition to being an exhibit, Havana's International Fair is the correct framework for establishing negotiations, including the signing of agreements between visiting delegations and Cuban enterprises.

The organizers of this year's events said that the conditions were ready for meeting the most varied needs of the exhibitors who will be visited by professionals and experts from Monday through Friday. The event will be opened to the general public on weekends.

It was recalled that the first International Fair was held at the Conventions Palace in 1982 and it only occupied an area of 400 square meters.

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TRABAJADORES Views Downward Trend of Sugar Industry

PA1210180794 Havana PRENSA LATINA in Spanish 1616 GMT 10 Oct 94

[FBIS Translated Text] Havana, 10 Oct (PL)—While Cuban industrial sectors have indicated signs of an economic recovery, the sugar industry still has not checked the downward trend of its economic results, states an editorial in the weekly TRABAJADORES today.

The text states, however, that this year, despite the low harvest yield of the sugar plantations, one can aspire to a much larger sugar harvest than last year, if we know how to correct and amend our errors.

It states that in 1994, according to official statistics, 15 of the 21 industrial sectors of the country are indicating signs of economic recovery and reporting financial gains. Tourism has maintained a high rate of development, and the establishment of the agriculture-livestock market has created a new path to stimulate the production of foodstuffs, a priority necessity in Cuba today.

Cuba's principal export mainstay continues to be sugar production, although other sectors such as tourism and biotechnology constitute important sectors that benefit the country's economy.

The great importance of the sugar industry, TRABAJADORES states, has an overall bearing on Cuba's economy. In sum, the sugar industry does not reflect, however, the recovery figures required to allow the country to emerge as soon as possible from the special period.

Cuba has been experiencing for several years a severe economic crisis caused by the collapse of the socialist bloc, where the majority of its commercial partners was, and worsened by the strengthening of the U.S. blockade.

Cubans are planning to carry out a short but intense sugar harvest this year during the optimum period of yield, with all the sugar mills producing at least their normal potential.

The editorial states that if this objective is achieved, the sugar harvest will be good, although the quantity of sugar produced is small.

Finally, it states "it is not the time for spectacular results, measured in terms of large sugar volumes, but it is time for the most important producers of the country to demonstrate with facts their capability to progress and to contribute, with their enormous strength, to the nation's economic recovery."

Group Designs System for Sodium Nitrate Production

PA1210191994 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Oct 94

[Report by Jorge Enrique Milian; from the "Evening Information Review" newscast]

[FBIS Translated Text] A group of specialists from the Center for Chemical Research and the Center for Applied Nuclear Development Studies has designed its own (?system) for the production of a reagent sodium nitrate in the country. The scientists, headed by chemical engineers (Alis da Lima), Manuel Rapado, and Leonel Garcia, have informed that the reagent may be obtained with a purity of more than 99 percent.

Large-scale production took place at the steroids plant at the Mario Munoz Pharmaceutical Enterprise in Havana. The scientists believe the method used is extremely flexible, because it is possible to produce the substance in any chemical plant in the country with the [words indistinct] to apply processes of evaporation, crystallization, and [words indistinct].

Sodium nitrate is used as a reagent in all chemical laboratories in the country. Up until now, one-half ton of the product has been produced; this amount satisfies the Cuban demand for the present year.

Because imports of the product will not be needed, approximately $2,000 [as heard] per year will be saved. The Executive Secretariat for Nuclear Affairs has proposed this research work as an achievement for the present year.

New Agrarian Contingent Formed in Bayamo

FL1210115894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The 1,300-member-strong Carlos Manuel de Cespedes Agrarian Contingent has just been created in Bayamo Municipality, Granma Province. Jose Ramon Balaguer Cabrera, member of the Politburo and its delegate to Granma, said that this province has an extraordinary historic responsibility.

[Begin Balaguer recording] History is glory but it also carries with it a responsibility. When Raul said that the two most important tasks we face today are meeting the people's food needs, and a successful sugarcane harvest, he was saying that the fight for Cuban independence has to be reflected in our behavior and actions, and that meeting the people's food needs is to acknowledge that history when we act as if compelled by the strength of those men who gave their lives. [end recording]

The Carlos Manuel de Cespedes Contingent, consisting of the combination of six pre-contingents, will direct its efforts to the cultivation of tubers and vegetables in the Cautillo and Bayamo Miscellaneous Crops Enterprises. They have a system of emulation and incentives devoid of any type of formalism, where discipline and commitment to work reign. This is essential in this type of struggle in the agricultural sector.

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Juragua Plant Workers Complete Turbogenerator Installation

FL1310020094 Havana Radio Reloj Network in Spanish 2034 GMT 12 Oct 94

[FBIS Translated Text] Members of the 12th brigade of the Lenin Contingent from the Juragua thermonuclear plant in Cienfuegos completed the installation of two five-megawatt turbogenerators in the Ciro Redondo electric plant in Ciro Redondo Municipality, Ciego de Avila.

The 210 members of this collective are working in agriculture in Ciego de Avila. They reached their 1994 goals four months ahead of schedule. By the end of August they had produced the equivalent of 2 million pesos' worth of goods.

These construction workers from Cienfuegos are about to receive the award banner fromn their union and are now committed to installing another turbogenerator at the Ciro Redondo electric plant. They are also repairing and maintaining the Venezuela, Orlando Gonzalez, and Bolivia sugar mills as well as the Vicente electric plant in the city of Ciego de Avila.

Haiti

Malval Government Takes Control of Public Administration

FL1210222894 Port-au-Prince Radio Metropole in French 1600 GMT 12 Oct 94

[FBIS Translated Text] The Malval government takes control of public administration. Eleven of the 13 ministers of the Malval government are ready to get down to the job in Port-au-Prince where they are due to resume office within hours, according to Malval spokesman Emile Jean-Baptiste. The other two ministers, Herve Denis of Information, and Claudette Werleigh of Foreign Affairs, who are still in Washington, will arrive on Saturday with President Aristide, he stated.

Jean-Baptiste, spokesman for the Malval government, explained that a Council of Ministers meeting would be held this afternoon at a location he refused to specify. A Council of Ministers meeting had already been held the night before, he stated. There has been usurpation of power, but not a cessation of the functioning of Malval's legitimate government, advised the spokesman, recalling that the ministers had been prevented by force from having access to their office. Those ministers were due to assess the premises on Wednesday.

Malval installed his office a few days ago in an annex of Villa D'Accueil, a residence belonging to the state, located in the hills of Port-au-Prince. It should be recalled that, on 11 October, U.S. forces took control of the Presidential Palace, the 13 ministries, and the Central Bank, forcing all occupants to leave the premises. The U.S. troops' spokesman, Colonel Barry Willey, today explained that the GI's did not need to use force, and that some of the premises have not been visibly occupied for awhile.

Senate Votes To Move Government Offices to Military Sites

FL1210175394 Port-au-Prince Signal FM Radio in French 1030 GMT 12 Oct 94

[FBIS Translated Excerpt] Haitian senators voted on 11 October to close some of the country's military centers. The legitimate senators of the National Front for Change and Democracy and their allies are in a strong position. At least one Alliance for Parliamentary Cohesion senator voted to move the prime minister's office to Army Headquarters, the ministers' offices to the Dessalines barracks, and the Senate to the Villa d'Accueil. Daly Valet reports:

[Begin Valet recording, in Creole] Any president would be nervous about setting foot into the National Palace, considering the fact that it is surrounded by military buildings. The president lives with this anxiety day and night, which is why he always looks as if he has just stepped into a hornet's nest. It's just a short walk to the National Palace for any soldier stationed in the military buildings who wants to be president. Senators Julio Larosiliere and Luc Fleurinord have introduced into the Senate a draft resolution that would end this situation, a draft resolution on closing the state-owned buildings that the Haitian Army used. The prime minister's office will move to the General Headquarters. All military personnel who are stationed there, regardless of rank, will be reassigned to a military base outside of the capital. The ministers' offices will be moved to the Dessalines barracks. The Senate, which has space problems, will be housed in the Villa d'Accueil. The legitimate senators unanimously passed the resolution at about 1500 on 11 October. [end recording] [passage omitted]

The senators took the afternoon of 11 October to hammer out the text of the resolution, the final resolution to appear in LE MONITEUR—the nation's official newspaper—at the behest of the Information, Culture, and Coordination Ministry. Larosiliere, who drafted the resolution, went to the newspaper offices to defend his proposal. He said that the resolution aims to prevent coup d'etats and to rid the Haitian military of coup d'etat mania. [passage omitted]

Mayor Paul Views Cleanup, Presidential Candidacy

FL1210225394 Port-au-Prince Tropic FM in French 1600 GMT 12 Oct 94

[Report by Jeansoi Joseph on news conference by Port-au-Prince Mayor Evans Paul on 11 October at Port-au-Prince City Hall]

[FBIS Translated Text] A few days before the return of President-Elect Jean-Bertrand Aristide to power, Mayor

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Evans Paul on 11 October launched an operation to clean up the capital. The illegally built houses, notably on La Saline Boulevard, will be demolished as of next week, he added in a news conference. The following is a report by Jeansoi Joseph.

[Begin recording, in Creole] [Joseph] Port-au-Prince Mayor Evans Paul announced a series of decisions made at Port-au-Prince City Hall, such as the launching of the operation to clean up the streets of Port-au-Prince in preparation for the reception of President Jean-Bertrand Aristide, who will return on 15 October, and the opening of the communal schools on 7 November. Mayor Paul said he had set a deadline of 13 October for the owners of goats, pigs, and oxen running wild in the streets to remove them. Otherwise, the animals would be seized.

In a news conference on 11 October at City Hall, Mayor Paul stated that the reason small merchants cannot find a place in the streets to sell their goods, especially on La Saline Boulevard, is because large houses have been illegally built there. He said that as of next week, he will close his eyes and have them destroyed with bulldozers.

[Paul] We think we will show compassion toward the owners of the small houses. As for the owners of large houses, I am taking this opportunity to warn them to begin removing what they have in those houses and putting it elsewhere, to begin demolishing them, and to take their tools so they can build houses on land they legally own. Regarding the large illegal houses, we will close our eyes and destroy all of them with bulldozers next week.

[Joseph] Mayor Paul said that he did not know whether Assistant Mayor Joseph Gerard Salomon was arrested or not, but that he is still waiting for Mayor Salomon to appear before the court to explain the brigandage of state properties (?and funds) he committed while in Port-au-Prince City Hall.

Concerning the question of whether he is preparing to become the next elected president, Mayor Paul answered as follows:

[Paul] I want everybody to know that I am not a power freak. What is essential for me is that the country live in democracy. I am not a man who is mad for power. If I were mad for power, I would have remained in City Hall during the coup d'etat. This means that before deciding whether to be president or mayor, there is something fundamental: it is my civil right. I lost my civil rights for three years. I could not move around in the streets; I could not live in a house known by everybody; I could not come to my office. I think we should have a minimum before considering a maximum.

[Joseph] Mayor Paul also spoke about the municipal police plan, promising to provide further explanation at another time. He did not wish to answer questions regarding any negative assessment of City Hall since his return. He said he prefers to wait one month from the date of his return to City Hall to assess the many positive works he will have achieved. [end recording]

Episcopal Conference Views Military Intervention

FL1210182494 Port-au-Prince Radio Metropole in French 1045 GMT 12 Oct 94

[FBIS Translated Text] The Episcopal Conference issued a pastoral message on 11 October on foreign military intervention in Haiti. The episcopate no longer considers the intervention a dream or something to shoot for, pointing out that Haiti is no longer a free and sovereign nation. The Haitian bishops said that the church aims to promote reconciliation and brotherhood in Haiti, their message explaining what they mean by reconciliation and the conditions for it. Here is an excerpt of the episcopate's message:

[Begin unidentifed speaker recording] Beloved Brothers and Sisters: Our country has been living under a foreign military regime since 19 September 1994. This is no longer a dream or something to shoot for but a reality. Haiti is no longer a free and sovereign nation: It is under the international community's trusteeship. The concept of nations depending on one another has developed to such an extent over the past few decades that some countries have taken it upon themselves—on behalf of the international community—to intervene in the affairs of others in the name of human rights and the so-called right to interfere. Why is foreign military intervention considered the ultimate solution in Haiti? Is it the best way to solve the crisis? One force has merely replaced another. Can it end our suffering? Can it earn everyone's respect? Can it mend Haiti's social fabric, torn at the hands of a divided society? Would not the mere presence of this force suggest growing intolerance and intransigence? Is it not just a case of one kind of suffering replacing another? It is not enough to send a military force to ensure security and to promote democracy and human rights: Measures to implement a state of law must also be taken. There is no real democracy without a state of law. May we all, together, in a spirit of generosity and sacrifice, reconcile ourselves and unite to build a stronger, more responsible, and more unified Haitian community. [end recording]

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Zedillo Comments on Border Issues With U.S.

PA1210131694 Mexico City LA JORNADA in Spanish 11 Oct 94 p 8

[Report by Jose Urena]

[FBIS Translated Text] Matamoros, Tamaulipas, 10 Oct—Ernesto Zedillo went to his meeting with Texas Governor Ann Richards after denouncing the violation of the human and labor rights of Mexicans. Such violations, he said, are caused by "an antiquated xenophobia which is now disguised as economic rationale."

The winner of the August presidential election asked the United States to display "a more constructive attitude so as to take advantage of the benefits of being neighbors." Moreover, "experience indicates that unilateral measures are inappropriate and, more often that not, are counterproductive."

He said he was willing to review the franchise rights of residents of the border region, but he added "this measure calls for similar action by U.S. officials so as to ensure reciprocal conditions on both sides of the border."

Ann Richards arrived at 1210 at the Residential Hotel in Matamoros where Zedillo was already waiting and was accompanied by Governor Manuel Cavazos Lerma and greeted at the doors by Jose Angel Gurria, the Institutional Revolutionary Party's (PRI) foreign affairs secretary..

She went to the main suite without much pomp. Photographers were allowed only limited access. According to reports following the meeting, the two political figures agreed on the importance of providing appropriate conditions on both sides of the border to promote trade.

Zedillo had been present at 1200 at a meeting between representatives of several industrial sectors. He addressed the issue of bilateral relations on several occasions during his speech. He reaffirmed his commitment to defend Mexicans who have emigrated to the United States. When he mentioned "outdated xenophobia," he did not mention California Governor Pete Wilson, who strongly opposes Mexican immigration, by name.

The following are the most noteworthy portions of Zedillo's speech:

"As we press on toward the development of our relations with the United States of America, we must promote the establishment of clear rules and continue updating our bilateral relationship. This point calls for both sides to maintain a constructive attitude so as to take advantage of the benefits of being neighbors. We must use negotiation to find solutions to problems and differences of opinion on specific issues, without affecting the overall relationship.

"In that sense, the migration issue is a mutual problem that must be approached bilaterally. Experience indicates that unilateral measures are inappropriate and, more often that not, are counterproductive."

"There is no excuse for the violation of the human and labor rights of the Mexicans who step outside our borders. We forcefully condemn these violations, which stem from an archaic xenophobia that is now being disguised as economic rationale.

"Mexicans know how to recognize and appreciate the differences that exist between the treatment given to our compatriots in states such as Texas and the deplorable and unfair actions carried out in other areas.

"I reiterate here in Tamaulipas today my unyielding commitment to defend the legitimate rights migrant workers have as human beings and as productive workers. A priority of our foreign policy must be to protect their rights with the firm use of diplomatic and consular missions."

Zedillo went to his hotel suite later, changed clothes, and waited for the arrival of the governor, who arrived with a smile on her face and even joked while holding talks with Pedro Pablo Trevino, the former Mexican consul in Austin. Reporters had no access to the meeting.

A bulletin that was issued later stated that the meeting lasted exactly one hour and that Zedillo asked for an increase in customs exemptions—it currently stands at $50—with the understanding the revision "must be corresponded by the U.S. authorities so that reciprocity can prevail on both sides of the border."

According to the bulletin, Richards told him her government has been very active in the construction and expansion of highway infrastructure. Zedillo told her his commitment will be to promote development in this regard on the Mexican border.

Finally, they reiterated their desire to continue with their good relations. They said the establishment of the North American Development Bank in San Antonio, the Border Ecological Cooperation Commission in Ciudad Juarez, and the Commission for North American Labor Cooperation in Dallas will greatly contribute to this purpose.

Ambassadors Join Protest Over Operation Guardian

PA1310035394 Mexico City UNOMASUNO in Spanish 12 Oct 94 p 3

[FBIS Translated Text] Mexico and Central America must join together in protesting Operation Guardian, which is discriminatory and is being used by California Governor Pete Wilson for personal reasons, ambassadors from Belize, Nicaragua, Honduras, Guatemala, and Chile have stated.

Each of the diplomats separately expressed their opinion on Operation Guardian, which from its inception has generated not only astonishment but also indignation at the treatment of illegal aliens.

Belizean Ambassador Alfredo Martin Martinez said Proposition 187 is worrisome because it would strip illegal immigrants of their benefits. It is a discriminatory

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action which, if approved, would entail great problems for Mexico and Central America.

Aware of the fact no country can dictate the domestic policy of another, the Belizean ambassador expressed his opposition to Pete Wilson's position and said it is regrettable that Wilson is using this for political benefit.

He noted that it is important to consult Mexican and Central American associations in California to inform them that Proposition 187 is discriminatory and must be rejected.

Nicaraguan Ambassador Ernesto Fonseca Pasos defended the illegal aliens, saying they do not represent a "burden" to the people of California, as the governor has said. On the contrary, "they contribute to the state economy," he continued.

Guatemalan Ambassador Alejandro Maldonado said what is being done in California reflects a neofascist attitude that only existed in Hitler's time and added: "It appears they descend from this gentleman."

Appearing a bit more reserved, Honduran and Chilean Ambassadors Jose Ayax Zuniga and Carlos Portales Cifuentes, respectively, asserted that despite the fact that this problem affects Central America, Mexicans have been hurt the most. They concluded that the only thing they can do is ask the United States to respect the human rights of illegal aliens.

PJF Ties to Sonora Drug Traffickers Alleged

PA1010001094 Mexico City LA JORNADA in Spanish 6 Oct 94 p 11

[Report by Jesus Moreno Durazo]

[FBIS Translated Text] Hermosillo, Sonora, 5 October—Officials from the 4th Military Zone today submitted evidence to the Attorney General's Office [PGR] that Federal Judicial Police [PJF] agents are protecting drug traffickers in Sonora State.

Infantry Major Gustavo Armando Lara, who is also an agent with the military attorney general's office, and Military Justice Major Francisco de Jesus Perez, presented several documents to PGR delegate Miguel Angel Cortes Ibarra, exposing the active participation of two PJF group commanders in allegedly protecting more than 22 hectares of marijuana located at San Miguel Ranch, near the community of Benjamin Hill.

The accusations by the two Army officers occur nearly 24 hours after this newspaper published a PGR confidential report related to alleged ties between some officials and Mexican drug trafficking cartels.

According to information gathered by the PGR, the drug traffickers become involved with politicians and businessmen "more easily in some institutions than in others. In some cases it is through threats and in others through simple greed for the easy and abundant money that can be made so quickly."

The Mexican Army officers also included two marijuana plants "to show their quality and consistency" and to support the evidence detailing the information disclosed this Wednesday [5 October] in Hermosillo in a three-page report.

Once the evidence was filed, which was done behind closed doors, Maj. Francisco de Jesus Perez pointed out that the PGR delegate promised to follow through with an investigation into the accusations by the personnel from the 4th Fourth Military Zone. The PGR official also offered his support for the establishment of accountability.

On the other hand, PGR state delegate Miguel Angel Cortes Ibarra stated that a thorough investigation will be launched "in order to corroborate the valuable information provided by the military and establish the accountability of all those involved in the illegal activity."

Cortes noted that he does not want to go too fast and file charges supported by information not fully backed, confirmed, or verified, "because this could turn the situation around."

According to Cortes, "every time a district judge is given evidence that is not indisputably solid, he will not issue arrest warrants. He will instead formally release those arrested."

The PGR officer said that in their accusation, the military has provided details of what was seen and heard at the marijuana plantation.

Aspe on Clearances for Foreign Financial Intermediaries

PA0810040894 Mexico City XEW Television Network in Spanish 0430 GMT 7 Oct 94

[Report on interview with Finance Secretary Pedro Aspe by an unidentified reporter in Madrid; date not given]

[FBIS Translated Text] Finance Secretary Pedro Aspe has announced in Madrid that clearances will be granted soon to new financial intermediaries from the United States, Canada, Japan, and Europe to operate in our country:

[Begin recording] [Reporter] Mr. Secretary Aspe, you have attended IMF and World Bank annual meetings for the past seven years. What changes toward Mexico have you noticed? That is, how was Mexico viewed seven years ago, and how is Mexico viewed now?

[Aspe] It was a complicated situation at first, because we were seeking loans. We were requesting appointments, but we have not done so in the past three or four years. Actually, they are requesting appointments from us. Why? Basically for three reasons: One, Because they want to gain access to Mexico due to the North American Free Trade Agreement. We will soon grant clearances to

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foreign financial intermediaries from the United States, Canada, Japan, and Europe.

During these meetings, for example, I met with 22 international bankers who wanted to explain to Bank of Mexico Governor Eliseo Mancera and me why we should grant them clearances, because they want to invest in Mexico, so on and so forth. There has been a major change, a 180-degree turnaround. [end recording]

Secretariat Eliminates Quotas on Imported Steel

PA1210154494 Mexico City NOTIMEX in Spanish 2127 GMT 10 Oct 94

[FBIS Translated Text] Mexico City, 10 Oct (NOTIMEX)—The Mexican Commerce Secretariat issued today two resolutions eliminating compensatory quotas on various imported steel products from the United States, Spain, and Brazil.

In addition to the elimination resolutions published today by the DIARIO OFICIAL DE LA FEDERACION, there is a third one that applies compensatory quotas on hydrogen peroxide from the United States.

According to an antidumping investigation carried out by Mexican producers, it was determined in the case of Spain and Brazil that the purchase of corrugated rods from those countries does not affect Mexican production.

The Secretariat stated the investigation is considered closed in Spain's case, adding the investigation will continue with Brazil without enforcing a provisional compensatory quota on those products.

Effective today, Mexican authorities determined that interested parties have 30 working days to submit new evidence or complementary arguments to determine whether national production has been affected.

According to the analysis, the evidence supplied during the investigation and the research carried out proved sufficient to determine that imports caused no harm or threat to the Mexican production of corrugated rods between January and December 1992.

The official newspaper also stated in another resolution that definite compensatory quotas have been excluded with regard to imports of assorted cold rolled carbon steel sheets from the United States.

The measure voided a provision issued on 28 April 1993 enforcing quotas on those products, because they are not produced with the necessary quality or in the necessary quantity to supply the national market.

The Secretariat stated that the immediate implementation of compensatory quotas may be ordered for importation of those products if, once the products are brought into the country, they are given a different use instead of the one envisioned.

Official, Industry Leader on Economic Prospects

PA0810220694 Mexico City LA JORNADA in Spanish 6 Oct 94 p 40

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Fernando Sanchez Ugarte, undersecretary for Industry in the Secretariat of Commerce and Industrial Development (SECOFI), believes that national industry can create between 60,000 to 80,000 jobs. He admitted that some sectors are still productive, even during a recession.

Victor Manuel Terrones, president of the National Association of Manufacturers (CANACINTRA), said that one of the solutions to the economic problems facing Mexico is to create 1 million new jobs annually.

Both men were interviewed after participating in the inauguration of the Fourth Meeting of the North American Trilateral Rules Forum [Cuarta Reunion del Foro Trilateral Norteamericano de Normalizacion]. They agreed that despite the difficulties experienced since the beginning of the year, there is confidence that the economy will pick up in 1995. They said they had no knowledge of any incidences of capital flight.

Sanchez Ugarte, who for the third consecutive day participated in a public event and spoke to the press, said that there are still activities in which recession persists. He cited as an example the lumber and shoe industries.

But on the other hand, he said, there are those activities that in the last few months have been experiencing some improvement. "Certain sectors that in previous years had suffered setbacks are now recovering." This shows that "there was improvement in industry, especially during the second quarter of 1994."

He explained that several sectors, such as in textiles, clothing, paper, factories, and steel, have been been experiencing improvement and have in the last few months shown very positive results. "This is due to a large extent to NAFTA, which opened very clear and interesting opportunities for exports of products from these sectors."

Sanchez Ugarte added that significant headway has been made in the auto sector, particularly in export production and sales. This because domestic markets have not yet fully recovered.

[LA JORNADA] Does all this mean that this will be a better year than 1993?

[Sanchez Ugarte] Yes, this will be a year with positive growth in industry...it is expected to be very close to that of the overall GDP...between 2.5 and 3 percent.

Within this context he explained that industrial growth will be uneven. Some industries will move forward ahead, and others will face development problems.

In his opinion, in the future the industry will increasingly specialize in certain sectors. Then "we will produce a lot

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within a reduced range of merchandise, in which we will be more efficient. We are going to have better wage scales and lower costs. We will import other things in which we are still inefficient or which are inconvenient to produce."

He said that this does not mean that imports will increase or that we are to become inefficient. Instead it is an indication of efficiency and competitiveness.

CANACINTRA leader Victor Manuel Terrones said that despite existing problems, domestic industries have enough elements to grow, but this will be uneven since all sectors will not develop successfully.

Some sectors, he said, will have slow but sustained growth, while others will show erratic behavior with no development. Thus "we need to look for schemes that permit healthy growth of overall industry."

He also stressed that the main task of the new administration is the need to have an industrial development policy with tax benefits that encourage growth and create jobs.

Likewise, the new administration should promote homogeneous regional development, technological development, and training, while carrying out fiscal deregulation and simplification.

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El Salvador

President Considers Haitian Peacekeeping Effort

PA1210222194 San Salvador Canal Seis Television in Spanish 0200 GMT 12 Oct 94

[FBIS Translated Excerpt] President Armando Calderon Sol announced that his government has not yet made a decision on whether or not to participate in the peacekeeping effort in Haiti. The president said El Salvador would be able to advise Haiti in its reconstruction effort. From the beginning of the Haitian crisis, El Salvador has said it would not participate directly in an invasion because it believed such an operation to be unnecessary. President Armando Calderon Sol said El Salvador could participate in the reconstruction effort, given our country's experience in this field.

[Begin Calderon Sol recording] We said we were willing to participate in a second phase of the operation. That phase could be reconstruction, if necessary, and consolidating peace. We have not reached any specific conclusions. We must first discuss the issue with [words indistinct] in terms of the kind of contribution we could make. We could put together a voluntary force for deployment to Haiti and consolidate its democratic achievements. [end recording] [passage omitted]

President, 6 Others Resign From ARENA Leadership

PA1210155694 San Salvador EL DIARIO DE HOY in Spanish 10 Oct 94 p 12

[FBIS Translated Text] Dr. Armando Calderon Sol and six other members of the party leadership who hold public posts resigned yesterday from their positions in the ARENA [Nationalist Republican Alliance] Executive Council (COENA), paving the way for new leaders, including Juan Jose Domenech, who will be its president as of now.

"As president of the Republic, I now quit the party presidency, because I am the president of all Salvadorans. I am leaving what I loved the most but will continue to love for the rest of my life," Calderon Sol said before the 13th ARENA General Assembly, which was held in a hotel in the capital city.

He announced that other members of his cabinet had also decided to quit their posts on the COENA. Other members of the party leadership who resigned are: Roberto Angulo (interior minister); Carlos Mejia Alferez (agriculture minister); Eduardo Interiano (health minister); Roberto Bara (deputy public works minister); Raul Somoza Alfaro (deputy justice minister); and Rafael Castro Gomez (deputy minister of the Presidency).

"Our duty is to work for El Salvador. Our posts can be filled by any ARENA member, because even if one loves an institution, one always thinks first of El Salvador," Calderon Sol added.

The new COENA members will only serve for one year, until September of the coming year, because the authorities who resigned had been elected until 1995.

Reacting to Calderon Sol's resignation, Antiguo Cuscatlan Mayor Milagro Navas said "it was to be expected, because we all know the doctor must now dedicate himself entirely to working for the country."

Domenech was elected party president by the party leadership and was approved by the party members who participated in the general assembly.

"Anyone chosen by them would have been fitting to carry out the party's destiny. As ARENA members, we have to unite and support their decision," Mayor Navas said.

Rene Figueroa, director of ARENA's youth section, said Domenech "was one of those men who has always been considered for the position and who also has the support of the rank and file."

"We are totally in agreement, although we did not know at the time who was going to be designated," said Ana Miriam Diaz, delegate for San Luis La Herradura, La Paz.

Raul Garcia Prieto, who was initiated onto the COENA, said the restructuring of the party leadership underlines the ideas inherited from Mayor Roberto D'Aubuisson of separating the party leadership from the government. He justified the participation on the COENA of officials who head certain autonomous institutions by saying "autonomous institutions are less political and more administrative than state secretariats," something with which deputy Carmen Elena de Escalon agreed.

"Autonomous institutions are one thing, the executive branch is another," said Mrs. Escalon, who was elected director by the COENA Advisory Council.

ERP Organization Holds Emergency Meeting

PA1210194294 San Salvador LA PRENSA GRAFICA in Spanish 10 Oct 94 p A-4

[FBIS Translated Text] Under wraps, 110 nationwide delegates of the People's Revitalizing Expression (ERP) assembled yesterday for an emergency meeting in San Salvador to approve the final actions of the organization's leadership, and they proposed to a "mature" agreement to dissolve the FMLN [Farabundo Marti National Liberation Front].

Joaquin Villalobos, ERP leader, said the FMLN is a historical, political faction organized during the war which made the peace agreements possible. In addition, he acknowledged that what has occurred inside the FMLN is what has occurred on the Left worldwide.

"There is a leftist, social democracy which exists and is feasible and a Communist, Marxist-Leninist doctrine, which is dying out, that is not feasible," he said.

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He proclaimed "the FMLN is no longer."

According to Villalobos, the agreement reached by the ERP takes into account the recent changes that have occurred in the country. "A transformation has taken place, which can lead us the conclusion that all political groups will enter a crisis just as has happened with the parties that make up the FMLN," he said.

"The readjustments we have made are based on the future conditions under which the country's political problems will be resolved," the former commander said.

Villalobos said the FMLN was created by all of its members, and it must be dissolved by all.

He said that after reaching agreements in the General Assembly, the next step is to establish contacts with the other factions, the FPL [Farabundo Marti Popular Liberation Forces], the PRTC [Revolutionary Party of Central American Workers], and the PE [as published] to begin discussing which courses of action should be followed to dissolve the until now political party FMLN.

He added "the important part of this resolution is that we have acknowledged the fact changes have occurred and that these changes pose challenges for all political parties in the country."

Juan Ramon Medrano, FMLN deputy and ERP member, said "all FMLN organizations have ceased to exist for us, because we represent two different political positions, and we are represented by neither Shafik Handal nor Marcos Jimenez. "

Medrano believes two commissions should be formed to discuss the party's dissolution.

He said one commission should include the representatives of the ERP and RN [National Resistance], while the other commission should include representatives from "the most radical faction of the FMLN;" that is, the FPL, the PRTC, and the PE.

ERP leader Ana Guadalupe Martinez said "the FMLN is everyone's patrimony, and, consequently, it cannot become the responsibility of any particular group."

Agreements Reached by the ERP

- The FMLN is a historical political organization that was created by those who participated in the struggle that produced the peace agreements.
- The current crisis involving all political parties is the result of substantial changes that occurred in the country following the end of the war.
- Political parties are going through a time of tremendous restructuring or the emergence of new political forces.

The ERP Resolves

- To support and confirm everything done by the ERP National Directorate and its secretary general, Joaquin Villalobos.
- To issue a mandate to the General Directorate so as to enable it, along with all current FMLN parties, to handle the dissolution pact of the FMLN in keeping with political events and in a mature and reasonable manner.

Guatemala

Renewed Talks With URNG Scheduled for 20 Oct

PA1210214694 Guatemala City PRENSA LIBRE in Spanish 11 Oct 94 p 4

[FBIS Translated Text] The UN secretary general stated yesterday in a communique that following discussions between the government's Peace Commission and the leadership of the URGN [Guatemalan Revolutionary Unity], Mediator Jean Arnault officially announced the date for the renewal of negotiations.

In an agreement with Rodolfo Quesada Toruno, president of the Civilian Society Assembly, ASC, the special session is scheduled for 20 October, during which Quesada will present the Assembly's position paper on the issues to be discussed.

According to the agenda, negotiations on the issue of the "identity and rights of the Indian people" should begin during the next meeting.

President Ramiro De Leon Carpio and Hector Rosada, coordinator of the Peace Commission, Copaz, and president of the government's delegation, who were consulted by telephone regarding the date for the new round of negotiations with the URNG, have expressed their satisfaction.

President De Leon Carpio has said they expressed to Mediator Arnault their interest last week in knowing the official date for the renewing of the negotiations.

According to President De Leon Carpio, no more time should be lost; on the contrary, now is the time to make up for lost time.

Panama

Perez Balladeres Interrupts Summit for Cedras Arrival

PA1210232794 Panama City TVN Television Network in Spanish 2230 GMT 12 Oct 94

[FBIS Translated Text] We interrupt our regular programming to bring you a last-minute report: Panamanian President Dr. Ernesto Perez Balladares will interrupt his participation at the Ecological Summit in Managua so he can return tonight at approximately 1900 [0000 GMT 13 Oct] to Paitilla International Airport in Panama City.

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Generally well-informed sources close to the presidential palace say President Perez Balladares's return is linked to the imminent arrival of General Raoul Cedras, who is scheduled to arrive in Panama sometime tonight. According to these sources, Gen. Cedras will be granted asylum following the letter sent by Haitian President Jean-Bertrand Aristide to the Panamanian president, which reads as follows:

His Excellency,

Ernesto Perez Balladares,

President of the Republic of Panama.

Your Excellency:

As you well know, the Haitian people are working out the difficult process of consolidating their democratic system. The Governors Island Agreement and UN Resolution 917 are part of this process, and they call for the departure of the military leaders responsible for the coup d'etat.

I have learned that Panama is considering receiving Gen. Cedras. My government and the Haitian nation would be most grateful to the Panamanian Government and people for any assistance they can give us in this matter.

We request that within the framework of the Governors Island Agreement and UN Resolution 917, you receive Gen. Cedras and his entourage. This will help us bring peace and democracy to Haiti.

I hope you will visit us soon in our free Haiti. Your Excellency the President, I remain truly yours and send my highest respects and consideration

Jean-Bertrand Aristide

We repeat this report: Panamanian President Dr. Ernesto Perez Balladares will interrupt his participation at the Ecological Summit in Managua to return tonight at approximately 1900 [0000 GMT 13 Oct] to Paitilla International Airport in Panama City.

Generally well-informed sources close to the presidential palace say President Perez Balladares's return is linked to the arrival in Panama .... [pauses] or the asylum our country will grant to Gen. Raoul Cedras, who is scheduled to arrive in Panama sometime tonight.

This has been a last-minute report. We now return to our regular programming.

Comments on Anticipated Arrival

PA1310033094 Panama City TVN Television Network in Spanish 0231 GMT 13 Oct 94

[Comments by President Ernesto Perez Balladares to unidentified domestic and foreign reporters at Paitilla airport in Panama City—live]

[FBIS Translated Excerpt] [Reporter] Mr. President, could you give us your opinion on the arrival of Raoul Cedras?

[Perez Balladares] How do you know so much? This morning I said I was not going to make any decisions and that this gentleman would not be allowed to come to the country if I were not here. We received a formal request from President Jean-Bertrand Aristide after I left the country and while I was in Nicaragua at the summit. He sent a letter, of which I believe the press is already aware, saying he would be grateful if we were to grant this gentleman asylum in Panama with the purpose of aiding democratic consolidation and peace in Haiti.

[Reporter] Will his stay be permanent?

[Perez Balladares] I also received a request along the same lines from the OAS secretary general. The United Nations will also make a statement on this issue. I believe we must take this opportunity to serve, as is our vocation, and help attain peace in Haiti; to aid in consolidating the democracy. I am now going to meet with my cabinet, but my personal opinion is that we give Mr. Cedras, Mr. Biamby, and their 14 family members permission to come to Panama and leave Haiti this very evening.

[Reporter] Will their asylum be permanent, Mr. President?

[Perez Balladares] It will be for as long as it takes them to resume their normal lives; more importantly, for as long as it takes the Haitians to build their country in peace.

[Reporter] There has been criticism from political circles. How will your administration face this criticism?

[Perez Balladares] You must remember that some sectors will always criticize. That is their normal stance. However, there are other sectors in opposition which have realized that this is a matter of national interest. The benefits the country will reap from this action—which do not only include the international support we already have—will eventually become clear to everyone.

[Reporter] Where will he be staying?

[Perez Balladares] I regret that some segments of the population have not been gracious enough to see beyond mere political interests. [response as heard]

[Reporter] [Words indistinct] of your party have been the main critics. They claim you failed to consult with the different segments of the Panamanian population.

[Perez Balladares] If we had consulted with the various segments of the Panamanian population, we would practically have had to hold a plebiscite. [passage omitted]

Cedras Makes Statement Upon Morning Arrival

PA1310135294 Panama City Circuito RPC Television in Spanish 1230 GMT 13 Oct 94

[Report by Luis Polo Roa and Vicenta Melania Herrera; from the "Waking Up With the News" broadcast]

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[FBIS Translated Text] After leaving Port-au-Prince at approximately 0230 this morning, Haitian General Raoul Cedras, his wife, and three children, two boys and one girl, landed in Panama at 0410. He was also accompanied by several military officers, including his closest associate, Gen. Philipe Biamby. Upon arrival, Cedras spoke to the local and international journalists at Tocumen Airport:

[Begin Cedras recording] We thanks the Panamanian Government and people who received us today. We are a family undergoing a very difficult time. We would like to live in Panama amid calmness and peace. Thanks. [end recording]

Cedras declined to answer questions although an agreement had been reached with Panamanian Foreign Ministry members who have said Cedras would answer journalists' questions. Later, surrounded by local and international journalists, he was taken to the Riande Continental Hotel under strict security. He and his family will stay at the hotel for three days until he decides where he will reside while in Panama. Although he arrived in a Boeing 757, another aircraft carrying his belongings and those of his relatives and closest associates is expected today.

Reportedly To Go to Taboga Island

PA1310023694 Panama City TVN Television Network in Spanish 0202 GMT 13 Oct 94

[Report by Ricardo Samaniego from Paitilla airport in Panama City—live]

[FBIS Translated Text] Sources close to President Ernesto Perez Balladares say that Raoul Cedras will register at the Riande Continental Airport Hotel for a few days and will then relocate to Taboga Island.

That is the information currently being discussed at Paitilla airport while we await the arrival of President Ernesto Perez Balladares.

Presidency Spokesman Comments

PA1310141994 Panama City Radio KW Continente in Spanish 1200 GMT 13 Oct 94

[Interview with Presidency Spokesman Mario Velasquez by Roberto Rolando Rodriguez; place not given; from the "Continente Radio Clock" newscast—live or recorded]

[FBIS Translated Text] [Rodriguez] Mr. Mario Velasquez, General Raul Cedras has already arrived in Panama. We would like to know more details about his stay. It is being said he will be staying only three days at the hotel. Where will he be going from there?

[Velasquez] The Panamanian Government has simply granted asylum to Gen. Cedras so far. Afterward, it will be up to him to decide where he would like to finally settle, either here in Panama or in any other country. That is a personal decision he will make on his own, and the Panamanian Government has no reason to participate in this decision. We must bear in mind that Panamanian President Perez Balladares stated the same thing when he arrived at Paitilla Airport yesterday.

[Rodriguez] There are several types of visas. Is Mr. Cedras' visa a provisional one, and if not, what type of visa does he have?

[Velasquez] He is a political exile in our country.

[Rodriguez] It is being said, however, this decision came about as a result of a request made by Mr. Aristide himself. It is also being said that UN Secretary General Butrus-Ghali, and OAS Secretary General Cesar Gaviria have also appealed to the Panamanian Government to receive this gentleman here. Is this correct?

[Velasquez] That is correct. Specifically, the decision came about based on a request by President Jean-Bertrand Aristide whereby he requested that the Panamanian Government grant asylum. It is well known that President Aristide sent President Perez Balladares a letter requesting asylum for Mr. Cedras and his group as a Panamanian contribution to the process of reconciliation and democratization taking place in Haiti. Mr. Cesar Gaviria and the United Nations made the same request within that same context. They both even refer to the Governors Island Agreement as well as a UN resolution. In other words, the Panamanian Government's conduct in granting asylum to the Haitian military leadership is within the norms and principles, not only within the context of international law concerning political asylum but also as part of political measures adopted by the United Nations and the Governors Island Agreement to pacify Haiti.

Panama is participating in that international process of reconciliation and democratization. The Panamanian Government's decision must be viewed within this context. It is a Panamanian contribution to a process of reconciliation taking place in a brotherly country, which, fortunately, did not have to go through the tragedy of an armed intervention.

Opposition, Parties React to Possible Asylum

PA1210160794 Panama City LA PRENSA in Spanish 12 Oct 94 p A-2

[Report by Ibeth Vega G.]

[FBIS Translated Text] The opposition Arnulfist Party (PA) rejected yesterday a possible asylum for coupist Haitian General Raoul Cedras, because "our country cannot become a sanctuary for gorillas [gorilas] and dictators."

In view of a proposal to grant asylum to Gen. Cedras and 18 people linked to him, PA President Mireya de Gruber said: "We are telling the people that this request must be

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rejected, because our country must not become a sanctuary for gorillas and dictators."

Meanwhile, former President Guillermo Endara of the PA said "we are being asked to accept the murderer of Haitians, and that cannot be."

Legislative Assembly President Balbina Herrera of the PRD [Democratic Revolutionary Party] maintained the asylum "must be analyzed with full responsibility."

"We understand that U.S. President Bill Clinton and Jean-Bertrand Aristide want Panama to give Cedras asylum, but I would also like to listen to the opinion of other political parties and legislators," she said.

"Although it is true a possible asylum is a decision that must be made by the executive branch and the Foreign Ministry, I would like to listen to the opinion of other sectors in the country," the PRD legislator said.

PRD Legislator Oyden Ortega said it is the constitutional president of Haiti, Jean-Bertrand Aristide, who should ask Panama to grant political asylum to Cedras so that democracy can be restored on the Caribbean island.

Ortega added Panama must demand that Cedras promise he will allow democracy in Haiti to be established and developed without any problems.

The PRD legislator also said it must be guaranteed that UN support groups will participate in an inspection of Haiti without fear of being attacked.

"The United States must also understand that it must not commit abuses during its stay in Haiti and that it is under these conditions, only these conditions, that Panama should grant asylum to this gentleman," commented Ortega, one of the negotiators of the Torrijos-Carter Treaties in 1977.

He reiterated that the decision to grant asylum to Cedras must be fully Panamanian, without siding with the demands of any foreign government.

Other legislators also expressed opposition to the possibility of granting political asylum to Cedras, who was described as a "merciless man" who caused so much death in Haiti.

The Christian Democratic Party (PDC) "rejected" Perez Balladares' "decision" to 'grant asylum to the former Haitian dictator, who is responsible for the death of thousands of his compatriots."

In a brief communique, the PDC maintained the government is thus advocating "impunity for the criminal activities of a foreigner, just as it did, through a pardon, for the criminal activities of certain Panamanians."

"The ruling party, which has tried to monopolize nationalistic feelings, has once again placed foreign wishes over national interests," the unsigned PDC communique stated.

'False Bomb Threat' at Foreign Ministry

PA1210235394 Panama City ACAN in Spanish 2237 GMT 12 Oct 94

[FBIS Translated Excerpt] Panama City, 12 Oct (ACAN-EFE)—There was a false bomb threat at the Panamanian Foreign Ministry today while a small group of demonstrators protested outside the building against possible asylum for Haitian General Raoul Cedras.

A Foreign Ministry source told ACAN-EFE that the threat came at about 1540 (2040 GMT) in an anonymous telephone call to the room that until just recently was Foreign Minister Gabriel Lewis Galindo's office.

The source added that the building was evacuated for almost 30 minutes while fire fighters, policemen, and Foreign Ministry security personnel searched the premises thoroughly. The alleged explosive device was not found.

Meanwhile, the demonstrators remained on the scene, waving banners rejecting the possible arrival of Cedras.

Some banners read: "Panama is a U.S. Garbage Dump," referring to the request made by Washington that the Panamanian Government grant the Haitian soldier political asylum.

Gaston Dormoi, who spoke on behalf of the demonstrators, asked the Panamanian people to speak out against the decision to grant Cedras asylum because it was not discussed with any of the country's sectors. Teachers, lawyers, and former legislators participated in the protest.

Former legislator Luis Narvaez asked why Panama must provide a safe haven for Cedras when no other country in Latin America or the world will do so and thus "become a U.S. garbage dump, where they bring all the bad citizens of other nations." [passage omitted]

Government Economic Plan Published 10 Oct

PA1210194594 Panama City EL SIGLO (Supplement) in Spanish 10 Oct 94 pp 1-8

["Text" of the "National Economic Plan," " submitted to the public by President Ernesto Perez Balladares": "Public Policy for Fundamental Development: Social Development With Economic Efficiency"—passages in boldface and boldface/italics as published]

[FBIS Translated Text] **INTRODUCTION**

Why is a document of this kind necessary?

In his inaugural address, Dr. Ernesto Perez Balladares, president of the Republic, said that it is possible to reach agreement on the democratic reconstruction of the state and for a more modern and efficient state, as long as there are clear objectives and social awareness and as long as all Panamanians participate after open consultations with all sectors that could be adversely affected by the economic measures.

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"Vested interests, the selfishness of particular groups, and the lack of sense of solidarity with the general interests of society have prompted everyone to call for a change, but very few are willing to make these changes in themselves." (Footnote 1) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

Governments that visualize the country simply as a union of people, who have different ways of protesting when they feel their interests are being adversely affected, are afraid, "for political reasons," to take measures that could adversely affect those interests. The result is that everything stays the way it was when they came to power. History then rates them as insignificant governments.

Moreover, governments that refuse to admit that these groups have any drawing power and that they affect the decisionmaking process will adopt measures without evaluating all the risks and will rapidly lose their political capital. The result is that everything also remains the same. These are called frustrating governments.

The recent history of economic development teaches us that it is as important to draft and implement "correct" policies as it is to ensure that they have a high potential for success at the time when they are proposed and implemented. In a government like ours, which came to power through a minority but encouraging mandate from Panamanians who wanted a change in the status quo, which we all know cannot be sustained, experience has proven that the following minimum requirements are needed for action:

1. Absolute adherence by members of the government to the fundamental points of the Plan for "Social Development With Economic Efficiency." Our country has witnessed the evident disagreements among members of the same government on fundamental points of public policy, not only in the previous government, but also in the last few decades. These differences in criteria strengthened groups opposing change and exhausted the authorities with internal struggles. The result was alway incoherence and lack of action.

2. Implementation of a strategy of "continuous education" of the public and providing information on the nature of the problems, options for solutions, advantages and disadvantages of each option, and an explanation of why the government chose a certain line of action in order to address society's general interests.

In a country like ours, economic imbalances are not expressed in terms of inflation or devaluation of our currency, but in terms of possible unemployment. Panamanian society does not slowly assimilate economic crises. It does so only in "shocks." Similarly, social crises are often covered by temporary and ineffective plans for assistance (emergency plans, "scholarships...") and with the authorities' tacit acceptance of corruption and crime.

This combination produces an atmosphere adverse to public policies, which ask society to make sacrifices to achieve long-term goals. The country's economic and social structure has created a "short-term" mentality, which then requires that authorities make a tremendous effort "to promote change." The government must include the media and independent professionals in the process of providing this information.

It is not possible to make society take a medicine whose purpose is to cure an illness from which society does not know it is suffering. Each public intervention must be educational in the sense that the problem and its implications should be defined before offering a remedy that may taste sour.

3. An optimistic perception "from above" of where the country should be in the future is required, but society must perceive this as attainable.

Without a sense of vision, society tends to focus on small problems, out of context, and any partial solution that might be adopted often clashes with the national interest. This has been the case in the policy on social security, the management of public enterprises in general, and the creation of unnecessary benefits for certain private businesses, among other areas.

The purpose of this document is to discuss certain social and economic points, which will be the fundamental part of this visionary and coherent plan, which will help our government introduce deep and permanent reforms in Panamanian society at the lowest possible political cost.

I. PRINCIPAL ECONOMIC AND SOCIAL PROBLEMS AND THEIR CAUSES

A. PRINCIPAL PROBLEMS

Poverty

Approximately 20 percent of Panamanian families do not earn the necessary income to eat adequately. An additional 25 percent cannot fulfill their basic needs, although they are able to purchase food.

Recent and past overall growth has not resulted in more opportunities for the poor families. The thick wall that prevents access by deprived groups to the benefits of growth is constructed by the privileges granted by the government so that a few may reap the profits of food production, distribution, and imports at very high prices. It has limited the possibilities for productive employment.

Of course, this is not everything. If productive employment is not increased, particularly for those who are the least educated and for the younger population, these citizens will not get the experience and will not break the vicious cycle of the work maxim that states that those who lack experience cannot work, but those who do not work cannot get experience. In the long term, this increased employment should originate with private groups that have the highest productivity and technological development.

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Distribution of Income

The wealthiest 20 percent of the population has an income 45 times higher than the average income of the poorest 20 percent. In this area, as in others, we have the second worst distribution of income, second only to Brazil. This is not a recent phenomenon. The same situation has been reported in surveys conducted throughout the last two decades.

The capitalist system will always result in some unequal distribution of income due to inheritances, different opportunities for education, and better private services in comparison to public services. But a distribution as poor as the one in Panama is seldom seen.

In fact, newly developing Asian countries have experienced dynamic overall growth and have improved their income distribution with appropriate government policies.

The unfavorable distribution of income has ethical and moral implications which must be taken into consideration when political decisions are adopted.

The distribution of income does not improve with temporary handouts, but rather with an increase in real opportunities for education, health, and jobs. This requires a revolution in education in order to change the union-like tone of the debates. A national debate on education and how it can be institutionalized it at all levels should take the place of the existing manner of discussion.

"This campaign cannot afford either the sectarianism or despicable exclusion which has characterized other such initiatives. It will be up to the Education Minister to open the doors that allow the entire nation to participate in the debate and adoption of measures leading to better quality of education for the people and society in general." (Footnote 2) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

Jobs and Salaries

One explanation for the above is the high rate of structural unemployment (that continues despite elevated growth in production), and in the low purchasing power of salaries. Panama faces the contradiction of high salaries for businessmen, in comparison to those other Latin American nations with which it must compete, which are in real terms low for those drawing these salaries, because their purchasing power is diminished when their money is converted into the local currency of the potential competitor nations.

Average unemployment rates over the past decades have been as follows:

1970-79	7.3 percent
1982-89	11.9 percent
1991-93	14.2 percent

If to this rate so-called part-time jobs are added, we would have an idea of the significant loss of material wealth that the nation has been sustaining for years by not taking available labor into account.

Deceleration of the GDP

The true growth rate of the nation's production, measured by the gross domestic product, or GDP, has decreased in every decade since the 1960's. In the 1990's the growth rate has dropped following the high reached in 1991 (9.3 percent). Panama needs a vigorous growth rate in confronting the people's growing needs and increasing per capita income.

"The outlook for our economy is not as bright as what we had wanted. It could be worse if significant foreign investments are not made." (Footnote 3) (Taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

Following are figures on the national economy's average annual growth:

1951-60	4.0 percent
1960-69	7.7 percent
1970-79	3.8 percent
1980-89	2.1 percent
1990-93	6.9 percent

Even though growth and development are not synonymous, there is no doubt that a slowdown like this lowers the capacity of lower income groups to improve their situation.

Lack of New Sources for Generating Foreign Currency

The most important stimulus to growth in a small economy, particularly the Panamanian economy, is the generation of resources. In our case, three-fourths of these resources correspond to the export of services, mainly those tied in one way or another to the Canal. These services are long-standing slow growth activities, particularly those of the Canal itself, the oil pipeline, and the U.S. military bases, that will withdrawn over the next five years. The exception had been the Free Zone. But this area will experience minor growth in the next few years. Ever since the beginning of the 1980's, new activities have not developed in this area for two reasons: the protected domestic market no longer attracts significant new investments, local or foreign; the open economic policy has created cause for doubt and lacked the transparency that exists in other nations already taking advantage of the results of those investments.

Competitiveness

Internationally, the Panamanian economy is not very competitive. Our production costs prevent exports by the majority of our manufacturing industries and of a substantial portion of agricultural products. These costs

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even affect competition among services. Lack of competition is also a factor that explains the lack of direct foreign investment and Panama's limits in terms of capital flow to the rest of Latin America.

The overall economic productivity rate since 1950 has been [no measurement parameters as published]:

1950-1960	100.0
1960-1970	129.9
1970-1980	55.5
1980-1990	32.6

Fiscal Constraints

The Panamanian state suffers from structural constraints because spending increases at a pace set by special laws. This pace exceeds the growth rate of revenues. The effects of the 1991 tax reform have already been played out, and a major imbalance has been estimated for 1994. This means that if adjustments are not made vis-a-vis revenues and spending, available savings will not be enough to implement a good investment program and solve the foreign debt problem.

"Prospects for contributions from the World Bank and the IDB [Inter-American Development Bank] to support these public investment programs are very positive." (Footnote 4) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

In previous decades and particularly in the last few years, the trend toward favoring specific sectors with "fiscal incentives" has been strengthened. The paradox of this approach is that for those incentives to work, the government must invest in complementary infrastructure, but it will not be able to do this as long as public finances remain depleted.

The two most significant implications of these fiscal constraints are:

1. That, contrary to common sense, officials end up devoting a large part of their time to resolving problems related to salary increases and other common spending issues that ultimately have a minor economic and political impact. In fact, their hands are tied when it comes to making the investments that should be the primary focus of their responsibilities; and

2. That these fiscal constraints prevent officials from responsibly solving the problem of the trade deficit, overdue payments for which leave us in a situation matched only in our region by that of Nicaragua. It also undermines the government's capacity to conduct financial operations that benefit the country and the country's capacity to attract foreign investment.

Health

Even though general health indicators are comparatively satisfactory in international terms, there has been a decline in comparison to previous years. The situation has been very alarming in corregimientos unable to meet the population's basic needs, especially the need for potable water and proper nutrition.

Education

Available indicators show that the quality of our education is quite inferior and in no way enables the country's youth to participate in the modern world. Unfortunately, these problems exist at all levels of formal education. As previously mentioned, if the educational system is not revamped, we will become increasingly poorer, in both absolute and relative terms.

/nadequate Legal Framework

It is necessary to make substantial changes in the existing legal framework so that the various reforms proposed in this plan will be viable.

B. CAUSES

Economic Inefficiency

In addition to being a poor country, Panama uses its resources inefficiently. Panama is proving that we need much more investment than other countries require in generating a unit of production. In other words: It is necessary to invest an average of several tens of thousands of balboas [**B.**] to create one job. As a result, we will never be able to resolve the problem of unemployment of manual labor. (Creating 100,000 jobs would require an investment of **B**3 billion, almost 50 percent of 1993's GDP.) The productivity of manual labor is also very low, which makes labor costs higher per unit produced, thus contributing to lack of competition.

In Panama, a large segment of the means of production—capital, labor, and land—is idle. Our problem does not stem from a shortage of means but from unwise policies that have failed to use these means efficiently.

This is in part due to an excess of incentives granted by our legislation to capital (which encourages companies to buy more machinery instead of hiring more manual labor) and a series of burdens, stipulated by law, on the use of the work force. These burdens discourage the hiring of employees. The consequences of these two circumstances are overcapitalization of companies (and the ensuing fiscal cost) and unemployment of manual labor.

Costly Public Services

Relative to international norms, electricity, telephone, water, and ports services are exceedingly expensive and inefficient. The cost burden that this imposes on productive activities has adversely affected competition. While it is true that other countries subsidize these kinds of expenses, a practice that should not be imitated here, it is also true that in Panama fees for public services are higher than the internal cost of producing these same services. These apparent "profits" for public companies

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are mostly absorbed by the central government. This benefits the Treasury, which often has other more appropriate ways of generating net income, to the detriment of all users of public services. The economic reforms must consider a thorough revision of this unfair mechanism for transfers.

"...to convert the companies that provide electricity, telephone service, and water into corporations. This would allow us to incorporate the contribution of the private sector to reorient and improve services as well as to reduce tariffs." (Footnote 5) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

Protectionism

This excessive protectionism constitutes a tax on the cost of living, salaries, and the price of inputs, and makes exports more expensive. The low purchasing power of Panamanian salaries is explained to a great extent by the level of protectionism in this country, considered the highest on the continent.

"To be competitive, the economy must be open and free. We will therefore review the quota system and trade barriers aimed at promoting greater levels of exchange between Panama and other nations and regions." (Footnote 6) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

Microeconomic Distortions

Aside from previous statements, it is necessary to mention other factors that hinder competition, for example barriers that prevent new companies from embarking on certain activities, in particular the transportation of cargo and people, and the requirements and excessive paperwork for some imports, as well as construction activities. In addition, business participation in the organizations that supervise, control, and grant licenses is a subtle way of avoiding competition.

Deficient Infrastructure

The highway network, the capacity to generate electric power, the supply of drinking water, and telephone density, to mention a few examples, remain stuck in the past. Even the state of their installations has deteriorated considerably, thus adversely affecting the economy's efficiency.

II. OBJECTIVES OF THE PLAN

A. GENERAL

1. Significantly reducing extreme poverty before the end of the government's five-year term. This reduction of poverty will be reflected in a relatively better distribution of income. We must make special efforts with our experts to design adequate indicators of the status of social sectors in order to "track these sectors" and this implement a sector-oriented policy.

The country cannot develop within its current state of deterioration of human beings as agents of economic, social, and moral change.

The government believes that the problems of insecurity, crime, and demographic explosion are due basically to nonparticipation by a large number of individuals in the economic development process.

2. Broader and permanent economic growth will be strengthened by efficiency and greater productivity. The government will establish quantitative goals for this growth, as this will depend not only on what we can do domestically, but also on international factors.

In fact, the participation of various productive sectors will be expanded to the extent that this expansion is not artificially or temporarily promoted by excessive incentives, special duty exemptions, or unregulated monopolies, which contravene the process of sustained development.

This plan also includes activities by public enterprises.

B. Specifics

Social

1. Promoting complete revamping of the educational system with the main objective of creating a whole citizen. The educational revolution must begin with educational institutions, teachers, professors, student attitudes, and cooperation from society as a whole.

2. Reducing existing irregularities in health services in order to guarantee better access to the most needy. Actions will be directed at people's health and a healthy environment.

3. Increasing productivity, employment, and income in the agriculture and livestock sectors in order to improve the standard of living for rural families and reduce poverty levels in rural areas.

4. Using available funds in the short term to develop a permanent investment plan focused on the poorest sectors.

5. Drafting a policy of direct financial support for the lowest income groups in need of adequate housing, as is being done effectively in other Latin American countries. Hidden subsidies, which create injustice, fiscal imbalance, and high administrative costs, and which have not necessarily benefited those whom they presumably should, will be eliminated.

The government will design pertinent policies to reduce urbanization and construction costs through broader liberalization of markets for raw materials.

Economic and Fiscal

1. The main priority is maintaining the monetary system—inside and outside the country—which requires a very serious effort to improve the country's international

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image, tarnished today by accusations—and actions—linked to money laundering and drug trafficking.

2. We must increase the system's competitiveness and productivity levels by eliminating economic distortions, redirecting the economy toward the outside world and redefining the public sector's role as facilitator, and making the private sector's activities more efficient.

3. Promoting measures to accelerate the integration of the agriculture and livestock sector into the international market within the framework of general policies defined by the government.

4. The fiscal policy's main goal is promoting savings in current accounts in order to be able to make investments with local funds, or promoting investments with foreign funds, which require large internal contributions.

5. A priority budget policy is restructuring current spending, in order to give reasonable priority (based on clearly established goals) to social spending.

6. Part of the necessary funds for certain infrastructure works will be obtained through private sectors concessions using the mechanism of direct administrative concessions or the BOO systems (building, operating, and owning) or the BOT systems (building, operating, and transferring)

7. We will draft a plan for modernizing the public apparatus in concept, scope, and function, which should be implemented during the five-year period.

8. In order to rationalize the administration of the fiscal policy, a financial plan will be drafted for the public sector in the medium term, which will be the main point of reference for its yearly implementation, planning, and budgeting.

III. NATURE OF THE ECONOMIC POLICY FROM THE GOVERNMENT'S POINT OF VIEW

Public policy is the mechanism that allows us to convert a society's strong points—and minimize its weaknesses—into solutions for identified problems.

In economic affairs, public policy has two traditional components: stabilization and structural change.

Stabilization

Panamanian society—government, people, and often enterprises—is known for spending more than it produces. It is a fact that from 1960 to 1992, the only year where national spending was less than our production value was 1963.

When this occurs, the country incurs foreign debt—public or private. In order to be able pay this new debt in the future, production and savings will have to go up in increasing increments. This cycle will have to expand indefinitely if pertinent corrective measures are not taken. If this is not done, the economy will be destabilized and require a stabilization program.

In countries with monetary systems different from ours, destabilization is manifest in high internal inflation. In Panama, destabilization is not manifest in inflation. As long as the country can incur debt, it can maintain its standard consumption. But when it can no longer incur such debt, it has no choice but to cut internal expenses.

Ever since 1983, the government has been unable to obtain credits as it had in the past. Thus, public investment was unable to grow at historical rates. Fortunately, except for 1988 and 1989, the private sector was able to finance its growth with credits (loans by the local banking sector to the private economy have grown 2.558 billion balboas in only five years). This is one of the reasons why the private sector has grown while the public sector has remained at a standstill.

Internal and external credit to the National Bank has been reduced because of tardiness in amortizing debts owed to commercial banks and habitual slowness in using credits offered by those who did collect their debts, this is to say, the international financial institutions.

In this case, the best short-term solution is to use these credits in development projects and in implementing a fiscal policy according to which Panama can create surpluses both gradually and steadily.

In this way, we will not have to suffer traumatic "stabilization plans" that might paralyze public administration.

Structural Change

It is not enough to "stabilize." The country's economy must grow. Theory, experience, and common sense indicate that a small country cannot rely on its internal market to provide well-paid jobs for those who demand them. It is essential to expand our buyers' market.

This cannot be done either easily or rapidly. Neither the private nor the public sector are structured for the competitiveness of commercial opening.

"Structural change" is defined as changing existing price indexes and incentives in order to stimulate international competitiveness. Sooner rather than later, Panamanian society must accept and adopt these changes. What we have called "macroeconomic policy" in this document points in that direction. (It must be pointed out that competitiveness is not just an economic concept, but that education, technology, and public institutions must also be modernized in relation to the rest of the world.)

IV. ECONOMIC AND SOCIAL POLICIES

Fiscal Policy

1. It is necessary to restructure public spending in such a way as to produce the necessary savings and so that these savings can be used for social and infrastructural investments required by national development.

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2. A reasonable and efficient Public Investment System will be established. This system will prioritize and focus on the needs of extremely poor people and the productive sector's requirements for infrastructural support.

3. The Procurement and Public Contracting System will be reformed at the same time. This reform will help speed up these procedures and provide the government with efficient mechanisms for implementing the current and capital budget.

4. A Government, Financial, and Budget Information System will be created. This system will provide timely information on the fiscal situation and make it possible to maintain adequate controls and introduce necessary corrections, as well as to provide clarity in the management of public finance.

Policy for Reform of the Public Administration

1. A system will be developed for assessing public services as a function of the Plan's objectives. The system will set quantitative and qualitative goals for assessing the efficiency and productivity of public services.

2. The Administrative Career Law will be enforced. This law will be complemented with the approval of a General Salaries Law, which will make public sector salaries more equitable and define an employment policy to match the number and training of public employees to society's needs in the short term.

3. The central government and the decentralized public sector will be reorganized as a function of the state's new role in the modernization of procedures and systems, which will make efficient public services possible.

Policy for Restructuring Public Enterprises

Broader participation by various production sectors is required for broad and permanent economic growth.

As pointed out previously, one of the obstacles in the way of improving the economy and making it competitive is the fact that public services are inefficient, barely reliable, and expensive.

"To this we must add the historic inefficiency of public utilities, costly and unreliable electrical service, scarcity of drinking water, inefficient telephone service, costly and inefficient seaports, and run-down public infrastructures." (Footnote 7) (taken from the inaugural address of Dr. Ernesto Perez Balladares, president of the Republic)

In order to resolve these structural problems in public services institutions, several means, including administrative reorganization, granting of concessions, signing of service contracts with the private sector, and privatization will be used. To this end, we need to create organizations that will regulate the activities of each of these sectors. Privatization will be carried out in state-owned institutions whose activities concern the state directly, taking into account the social implications of such measures.

These measures, privatization included, are conceived as a means and do not constitute an end in themselves. Therefore, the selection of the measures shall take into account the option that would most contribute to increasing efficiency and reliability and to streamlining service-related costs, which must translate into a reduction in public service rates.

The following is a list of the categories that will be used to achieve greater efficiency in public institutions:

1. With few exceptions, public enterprises shall become state- owned corporations with boards of directors freely appointed and removed by the president of the Republic and compelled to prepare public financial reports which will be audited by independent auditors who follow generally accepted accounting principles.

2. The best manner to incorporate national and foreign capital into the financial and administrative structures of large public services companies shall be determined for each of them.

3. Operation of the principal ports shall be granted to entities with international expertise, while retaining ownership of the installations and the right to supervise operations, as is the case in most modern ports.

4. All proceeds from the sale of stock in public services companies and from privatization shall be allocated to the Development Trust Fund (FFD) [Fondo Fiduciario de Desarrollo], which shall use these proceeds to finance only permanent and productive investment programs to be implemented in the social areas included in this plan. These proceeds shall never be used to pay off foreign or domestic debts or to cover the state's running expenses.

Foreign Debt Policies

1. We recognize the significance of the problem and the need to face it responsibly, considering that fiscal priorities consist of solving social problems and generating sufficient funds to finance public investments.

2. The commercial debt shall be reorganized and renegotiated in light of the financial prospects of the public sector within the framework of medium-term financial plan in harmony with fiscal priorities.

Social Security Policies

The retirement system of the Social Security Fund [CSS], the financial viability of which is being seriously threatened, is facing a very serious problem, while most CSS health insurance holders, ignorant this fact, expect an improved retirement system. After proper analysis, an overall solution to the retirement system based on socially fair and financially viable foundations shall be proposed. Measures designed to correct the deficit in the Supplementary Pension Fund for Public Employees [Fondo Complementario de Pensiones de Servidores Publicos] shall also be taken.

Microeconomic Policies

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1. Microeconomic policies include a number of tangible actions, in line with the principle of making the economy competitive by eliminating barriers, deregulating prices, promoting competition, and regulating monopolies and oligopolies. The deregulation of prices will be coordinated with a reduction in trade duties and with the implementation of effective controls on monopolies and oligopolies. This implementation requires special laws.

2. The Foreign Relations Ministry will be in charge of attracting foreign investment by using the diplomatic and consular corps, which shall be specially trained in this. An organization within the Presidency of the Republic shall be in charge of attending to the investors and issuing the necessary permits.

3. In order to make tourism as significant as its potential, the President's Council on Tourism [Consejo Presidencial de Turismo] will be created and will be a council comprised of very competent advisers with access to all issues involving tourism in the public domain.

4. We shall avoid the traditional approach of designing packages of incentives that favor certain sectors to the detriment of others. The move shall aim to facilitate the processes of acquiring property titles, conducting investigations and making their results public, accessing technology, providing market information and making markets known, and providing more information on nontraditional, agricultural, and industrial products.

Foreign Trade Policies

1. Membership in GATT shall be formalized. The ensuing commitments, including, among others, reducing customs duties, adopting a ceiling on customs duties, eliminating non-customs duty barriers, and adopting nondiscriminatory goods and services trade measures, shall be placed into effect.

2. As for integration issues, our joining the broader markets shall be actively promoted by immediately conducting a systematic study of the most suitable option, which will give priority to the feasibility and strategy of directly joining NAFTA.

Policy for the Using the Reverted Areas to the Best Advantage

The use of the assets of the Reverted Areas through a fast and clear plan with productive ends is an essential requirement for achieving major economic growth during the next five years.

1. It is essential that the ARI's [Interoceanic Region Authority] Board of Directors be well coordinated to act harmoniously and efficiently and that sectors with the most capacity to contribute be represented on this body.

2. It is necessary to expedite the ARI's procedures for awarding norms to make the process much quicker and open, attributes which usually go hand in hand.

3. It is also necessary to begin the implementation of the plans that the ARI needs to assign the majority of its assets. The ARI will have probably have a General Plan for effective action, as required by law, by the end of 1996. Since it would be to costly for the nation to wait that long, the process will have to be accelerated, either through closer cooperation between the ARI and the executive branch or, if that is impossible, through modification of said legislation.

Agriculture and Livestock Policy

Modernization of the agriculture and livestock sector will be defined within the following parameters:

1. Strengthening the process of creating and transferring technology and of support services, all in measured amounts in order to provide greater access to financing and to ensure the subsistence of the sector.

2. An aggressive program for the training and formulation of human resources will be fostered.

3. Transformation of the agricultural sector will be fostered, giving particular importance to science and technology. Similarly, institutional changes in the public sector which are required for the support of the productive sector will be implemented.

4. Support will be given to developing an irrigation and agroindustrial infrastructure needed to facilitate the transformation.

5. The commercial opening for agricultural products and supplies necessary for production will be done gradually, taking into account comparative advantages and national convenience.

6. Revision, adjustment, or elimination will be made of subsidies and tax incentives, price control systems, monopolies and oligopolies, lack of access to information, and inadequate infrastructure, which distorts the market's operation.

7. The process of the sector's development will be made compatible with the sustained use of renewable natural resources.

Labor Policy

A guarantee of universally accepted, fundamental labor rights is the cornerstone of the position on this issue. The objectives of the labor policy are to create the necessary labor market conditions for reaching high employment; to draft legislation competitive with labor policies in other countries that are also attempting to attract foreign investment; and to achieve a level of productivity that will strengthen our international competitive position. Fulfillment of these goals is essential to modernizing the economy and to overcoming unemployment which requires within the short term modification of the labor code.

Education Policy

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1. Strongly instill a system of values in favor of overall self- promotion, life in society, freedom and democracy, and development.

2. Efficiently promote the nation's language and culture as the optimum instrument for social communication.

3. Provide the intellectual tools for efficient participation, on an international level, in the modern world so that students can discover how to learn to be able to adapt in a world of ever- changing technology.

Health Policy

The health plan's main points will be:

1. Develop nutritional programs and overall health services for the various groups in our population, giving priority to the very poor and within this group to senior citizens and those with the greatest need.

2. Develop plans for environmental health, emphasizing the supply of potable water, sewage disposal, and basic clean-up actions.

3. Improve the development of primary health care.

4. Improvement of health services in general.

5. Coordinate and ration the integration of health services.

Housing Policy

In order for the nation's and the state's resources to suffice in achieving an adequate housing supply, it is necessary to undertake the following actions:

1. Reduce the cost of housing construction so that the private sector can produce and finance lower cost housing, accessible to a greater portion of the population. Among others, these measures would be directed toward reducing the costs of materials; lowering the costs of urban development and construction, according to norms in keeping with reality; reducing the paperwork for obtaining permits; and establishing mechanisms to facilitate the granting of loans.

2. Attention to sectors in the market not seen to by the private sector through the granting of land lots with services, property titles, loans for purchasing materials, assistance, and other items.

The policy would not be to create housing. Rather, it would be to facilitate, to the extent possible, things for the market and for those interested in doing so.

Tourism Policy

This industry, if adequately developed, would have the capacity to generate hundreds of millions of balboas of additional income within a few years.

In the short term, it is necessary to eliminate a number of obstacles that harm the development of this activity, which include, among others: requirements for entering the country; airfares comparable to those of the competition; treatment of tourists upon their arrival at the main international airport; the cost, ease, and security of transportation from the airport to the city, and its lack of options; the limited number of rooms in first class hotels; and the lack of adequate transportation for passengers on cruise ships sailing through the Panama Canal.

To stimulate the development of this activity, the state will make a number of investments in basic infrastructure, concentrating during the initial phase on a selected number of sites with high tourist potential.

The preparation of an integral plan for the development of tourism which contemplates the issues listed above will take priority.

Policy for the Orderly Transfer of the Panama Canal

1. Support a change in the Constitution that guarantees that the Panama Canal will be managed independent of politics and with a high degree of efficiency.

2. Expedite and deepen the work necessary to ensuring a peaceful transition.

3. Complete all actions necessary for compliance with the Treaties.

Environmental Policy

Ensure mechanisms for guaranteeing that economic development and growth will not adversely affect natural resources and the environment.

V. SPECIFIC PROPOSALS

Social Area

The strategy for the development program should include the following elements within the social order:

1. In the short term, undertake a program to face the situation of extreme poverty which will be aimed at satisfying basic needs, to include nutrition, drinking water, sewage disposal—another basic health principle—and mechanisms to incorporate the heads of family into productive activities.

2. Carry out a profound and imaginative restructuring of education in both content and organization. Resources should be concentrated on primary, secondary, and technical education, in that order.

This reorganization shall address the following issues:

A. True freedom of education.

B. A system of administering periodic tests to determine the performance of each student and each national school, as well as our students' performance, in order to compare it to that of students in other countries.

C. Decentralization of public education.

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D. Create a system of guarantees that will give access to the country's best schools, whether private or public, to those students who lack resources.

E. Train teachers and professors at a new and technically excellent School for Higher Education.

F. Give priority to existing teachers and professors, as they update and improve their teaching methods and increase their academic knowledge at the new School for Higher Education, by granting them equitable financial terms.

G. Elevate the teacher's position in society by adopting several measures, including a better wage system based on performance.

3. Eliminate obstacles that make housing expensive and ease acquisition of houses for lower income groups.

Economic Area

The strategy in the economic area is aimed at resolving the problems encountered in order to take full advantage of the opportunities that our geographical location, reverted areas, and primary, secondary, and tertiary sectors have to offer. To achieve this, we propose:

1. Concurrent dismantling of the double distortion fostered by excessive capital incentives and labor restrictions.

2. Elimination of protectionism by gradually reducing customs duties to reasonable levels while adopting other measures. Also, elimination of limits on quantities of imports.

3. Lowering prices by reducing the number of protectionist measures, controlling monopolies and oligopolies, and deregulating the pricing system.

4. Eliminating barriers to certain activities.

5. Adapting infrastructure to national needs.

6. Joining large markets by participating in the integration program best suited to the national interest.

Implementation

The public policy for overall development will be implemented from 1994 to 1999.

In order to implement this policy, the government will conduct a broad process of consultation with all interested sectors using methods that will permit the most effective participation by all sectors of our society.

An important aspect that must be highlighted within this process is the need for coherence and simultaneity in the application of the various policies to guarantee expected results.

VI. EXPECTED RESULTS

Under the existing state of affairs which involves maintaining current policies and conditions with slight changes, the government can expect an annual average growth of 4 percent in a five-year period, more than that of the 1960's but less than estimates for 1994 (5 percent). At that rate of GDP expansion, unemployment will continue to rise and poverty will get worse. This would increase social unrest affecting the country's stability.

The implementation of the proposed economic and social plan allows us to anticipate the following consequences:

A. Reduction in the prices of food products.

B. Direct foreign investments, especially if they are complemented with quick actions on the reverted areas.

C. Government financing.

D. Increased productivity.

E. Increase in the export of goods and services.

F. More jobs.

G. Greater GDP growth.

With its new economic model, within a short time Panama would join the group leading Latin American economies. It would also cease to be the only country on this continent that is not participating effectively in the world's globalization. The new model, with its opening and greater growth, would strengthen the democratization process, just as it has in most countries that have tried it.

According to this proposal, the plan would begin a far-reaching social development process. Its main effects in the medium term would be the reduction of poverty and an improvement in income distribution. In the longer term, the country would begin to see the benefits of modernizing education.

CONCLUSIONS

An economic policy that does not recognize the value of those who participate in the country's growth is no good.

The state cannot force anyone to participate in progress, but it can offer opportunities for progress to happen.

The state cannot ignore its commitment to help Panamanians improve their standard of living, particularly those who have traditionally been unable to improve it because of incorrect public policies.

There is potential wealth in the abilities of those who are unemployed and underemployed, and we are not taking advantage of it.

Low productivity—public and private—in the country is the reason for a lack of new jobs. This low productivity is caused by the granting of benefits—usually fiscal benefits—which are not based on competitiveness. We must fight this.

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The main cost of not implementing the proposed action is to remain in the present situation with high unemployment.

Governments that have been successful in modernizing their society have acted in accordance with ideas that go against vested interests. The result has not been the payment of political costs but rather the collection of political dividends.

Finance Minister Denies Plan Imposed

PA1310041494 Panama City EL SIGLO in Spanish 10 Oct 94 p 10

[Article by Magaly Rocio Montilla]

[FBIS Translated Text] Finance and Treasury Minister Olmedo Miranda stated yesterday that the economic plan proposed by the Ernesto Perez Balladares administration was not imposed by the international financial institutions [IFIS], which is what makes it different from the Ford Plan of the previous administration.

Miranda argued that Perez Balladares' economic plan, entitled "Social Development With Economic Efficiency," is "very Panamanian" because it is the result of analysis and internal consultation. This plan will be presented to the IFIS only "after it is approved in Panama."

Miranda added that the sacrifices required by the implementation of this social development program must be assumed by the central government as well as by private enterprise and the labor sector.

He emphasized, however, that the government has already begun to "self-impose" the reforms it must make. The benefits yielded by these reforms will outweigh the initial sacrifices.

Economics Minister Guillermo Chapman said that public employees will be the first to reap the benefits of the social development program due to an orderly and logical remuneration system and the implementation of the Career Service Law.

The Career Service Law was approved by the previous administration as a means of protecting public employees from party politics.

Planning Minister on Implementation

PA1310044394 Panama City EL PANAMA AMERICA in Spanish 10 Oct 94 p A-1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Economics Minister Guillermo Chapman has said that the country's public services are anachronistic, which translates into inefficiency in the national economy. Chapman added that the implementation of the economic plan will cause some businesses to fail.

Chapman admitted that the tariff reduction process, which was launched to promote greater competitiveness, will cause some businesses to fail, but this is just one of the sacrifices that must be made.

According to the official, a series of measures will be implemented to reduce the benefits granted to certain sectors to the detriment of others, thereby promoting more competition in the private sector.

The minister said he will promote the elimination of the large monopolies that have traditionally benefited from a series of concessions which have distorted the national economy.

Chapman asserted that a more rational interpretation of the Labor Code, exonerations, and import tariffs will be applied to promote an overall improvement in the economy.

He added that there will be exceptions to the tariff elimination program, but they will be kept to a minimum to maintain a balance.

The minister said that over the next few years, Panama must join the GATT in order to gain access to the large international markets. He concluded that if these measures are not taken, Panama will become isolated.

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Argentina

Di Tella: Government Would Accept Haiti's Cedras

PY1210214794 Buenos Aires TELAM in Spanish 1700 GMT 12 Oct 94

[FBIS Translated Text] La Plata, 12 Oct (TELAM)—Foreign Minister Guido Di Tella stressed here today that Argentina has not received a request for asylum from Haitian General Raoul Cedras, and he added that the government will evaluate that possibility only when an official request is submitted by the Haitian military officer.

Di Tella told TELAM that when President Carlos Menem offered asylum to Cedras, "he did not do so because we are enthusiastic about having that gentleman here," but because "we are happy that democracy is returning" to Haiti.

The foreign minister said that in the event Cedras asks for political asylum, Argentina "is willing to bite the bullet as long as democracy returns to Haiti," but he highlighted the fact that the Haitian general "is negotiating his flight only with Panama."

Di Tella made these remarks on entering the Economic Sciences College of La Plata, where he gave an address on economic policy within the framework of the 24th meeting of the Argentine Economic Policy Association.

On 15 October the foreign minister will travel to Port-au-Prince together with deposed Haitian President Jean-Bertand Aristide, who will return to his country after Cedras resigns.

Di Tella and Aristide will travel in the company of OAS Secretary General Cesar Gaviria Trujillo and other Latin American foreign ministers.

The delegation will travel from Washington to Port-au-Prince in a Bolivian Government plane because this country is a member of a special aid group for Haiti that was created by the OAS.

Detained Syrian Citizen Released; 2 Others Held

PY1210203994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1716 GMT 12 Oct 94

[FBIS Translated Text] Moron Federal Judge Susana Morris Douglas released for "lack of merit" Tanci Tanuz [name as received], one of the Syrian citizens arrested over the weekend on suspicion of having been implicated in the bloody attack on the AMIA [Argentine-Israeli Mutual Association] headquarters.

Judge Douglas reported that the situation of the other two people currently held in custody, Julio Tanuz and 'Ali al-Hasan, "will continue to be the same" for the time being.

Chile's Frei Interviewed During Stopover

PY1210130594 Buenos Aires TELAM in Spanish 2223 GMT 11 Oct 94

[FBIS Translated Text] Buenos Aires, 11 Oct (TELAM)—Chilean President Eduardo Frei today lauded the level of relations that his country has achieved with Argentina, stressing that "the unity that exists at this time has been observed very few times in history."

The Chilean president chatted with TELAM at Ezeiza International Airport during a technical stopover that his plane made this afternoon on its way to Rome from Chile.

He stated that the current Latin American integration "is very positive," and that during the second meeting of presidents of the Mercosur [Common Market of the South] countries that was held in August in Buenos Aires "we achieved very concrete agreements with President Carlos Menem."

"All of this will be given new motivation with the arrival in Brazil of the administration of the president-elect, Fernando Henrique Cardoso, because he is a man of great temperament and with an open spirit," Frei said.

He stressed that at this level "we are going to continue to advance in a matter such as integration, because it is crucial for us."

"Very few times in the history of our two countries have Chile and Argentina been as united as we are now," he said, mentioning that the two governments "have the political will for this to be so," among other reasons "because our peoples want to see us united."

"When President Menem visited Chile I invited him to visit the poorest villages," a place where "the people received him very well, with Argentine and Chilean flags."

"The people want integration, and that is a reality," Frei said, expressing that "we must be united if we want to compete with the world," visualizing a horizon on which "we are going to walk with a good outlook for this integration."

Frei, who revealed that during the stopover at Ezeiza he had taken advantage of the opportunity to say hello to Menem over the telephone, said that "we continue to work on the basis of a great friendship between the two presidents," and "when there is some small problem we talk, and through dialogue it is resolved," he said.

The Chilean president is going to visit the Vatican, where he will be received by Pope John Paul II, and he will also meet with Italian authorities.

On 14 October he will be one of the speakers during the International Food Day Assembly within the framework of the FAO [UN Food and Agriculture Organization] in the city of Rome.

Federal Judge Views Antidrug War as 'Failure'

PY1310003094 Buenos Aires LA NACION in Spanish 9 Oct 94 p 18

[Report on interview with Federal Judge Roberto Marquevich by LA NACION's Eduardo Tarnassi; place and date not given]

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[FBIS Translated Text] In response to a question posed by LA NACION, Federal Judge Roberto Marquevich stressed: "The abuse of illegal drugs represents a progressive, incurable, and fatal evil. Drug addiction would not exist without the funds supplied by organized crime to subsidize it."

Marquevich said: "Drug traffickers are part of organized crime through its pillars: sex, gambling, and drugs. In other words, they form an interrelated triangle. All three exist together. This market, the worst human disgrace, is the most strictly organized one in the world. Otherwise, it would not exist."

[Tarnassi] What is this market's financial level?

[Marquevich] The answer is simple. We may take cocaine as an example. After it has been processed, the price paid for this stimulant is $0.30 per gram. And, whatever its route, this stimulant is finally sold in Tokyo for about $1,300.

Without significant intellectual effort, this illegal business may clearly purchase anything it wants: buildings, government officials, military officers, legislators, or judges.

[Tarnassi] Where do we stand now and where are we headed?

[Marquevich] The current antinarcotics war in Argentina represents a failure. It is unusual for a judge to take a public stand in favor of or against a legal code, but, in principle, there is no reason preventing me from doing it.

There were recurrent petitions to legalize informers and undercover agents. A petition was filed to allow informers to supply essential data for initiating investigations. Another petition was filed to authorize any security agent to infiltrate criminal organizations.

[Tarnassi] What happened with these petitions?

[Marquevich] It may be summarized as follows: In December the Chamber of Deputies approved a bill on undercover agents. This bill, however, does not view the issue of informers. Without informers, there are no chances of infiltrating undercover agents because the information is supplied by informers.

Without informers, much less will there be repentant people because the following deduction will be made: If those initiating the investigations are not protected, why would those who are involved in criminal actions be protected?

Legislative efforts in our country are isolated, and these roles have been absent here, yet in many countries they were implemented 20 years ago.

Following the legislative path, there is an indisputable fact: International drug trafficking operations total more than $700 billion.

[Tarnassi] What about our antinarcotics legislation?

[Marquevich] It leaves anyone astonished, as it establishes that those dealing with drugs are exempted from being investigated for laundering money.

No one has come up with the idea of changing this article, much less investigating why it was drawn up this way. This is not desirable.

Under these circumstances, there are people in our country who already are demanding the unrestricted sale of drugs because, as deduced by the supporters of this theory, it is not possible to beat a drug trafficker.

Drug trafficking and drug abuse have been reported in fairly recent times and drug prevention is not enough. Quite the contrary; drug trafficking and drug abuse are growing in a frightening way.

If punishment for drug trafficking or drug abuse is removed from current laws, our people would be led to believe that our government officials are morally indifferent to this type of crime or actually approve it.

We must bear in mind that a basic fact with regard to criminal law is that there is a moral judgment. In our fractured society, most people abide by the law, and it is a very serious issue for them when something is declared a crime.

Concerning the last point, we must make a digression: Drug trafficking appears in the world when the drug trafficker-drug abuser duo operates smoothly. They do not exist individually. And, in my opinion, we must make drug abusers responsible for their acts.

Even though I favor describing drug abuse as a crime, I share other people's opinion that the current repressive law is wrong because its penalties are very severe, too lenient, or useless.

[Tarnassi] Are we drug abusers?

[Marquevich] Summarizing, we still lack an appropriate law to struggle against drug trafficking, and ideas are already being raised concerning legalizing the sale of drugs or removing penalties against drug abusers.

The abuse of illegal drugs represents an evil that has become rooted in all cultures and societies. Throughout history it has been used for social inaction.

Argentina is a country that massively abuses illegal drugs. And I will not use the trite expression that it no longer is a transit country. When it was a transit country, Argentina was involved in drug trafficking because it was on the route established by drug cartels, and this is something that is very well paid. I believe it is also very important to emphasize our country's active participation in exporting items required for processing the crops, like ether and kerosene. It is not possible to bake a pudding without eggs.

Bolivia

Quiroga Warns Incoming U.S. Envoy Against 'Excesses'

PY1210164494 La Paz HOY in Spanish 28 Sep 94 p 9

[FBIS Translated Text] Minister of Government German Quiroga warned yesterday that Bolivia will not

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tolerate "excesses" on the part of new U.S. Ambassador Kurtis Warran, who will be arriving in Bolivia to replace Richard Bowers, who ends his tour of duty on 30 September.

Hours before the arrival of the new ambassador in the country, Quiroga said: "We hope the new U.S. ambassador will not commit any excesses against the sovereignty of the nation."

He said: "We hope that our ties with the U.S. Embassy will be conducted in an atmosphere of mutual respect, within which we may assume independent decisions like any other sovereign country."

According to Quiroga, U.S. antinarcotics cooperation, the main nexus between the U.S. and Bolivian Governments, should not "decrease," because drug trafficking must be combated under the premise of shared responsibility.

Quiroga said: "One of the main priorities of U.S. international policy is to combat drug trafficking; I therefore believe this aid should not decrease beyond people or diplomatic representatives."

Quiroga insisted that the antinarcotics cooperation must be based on mutual respect, and that the self-determination of nations is important in international relations.

He said that international agreements, the antinarcotics agreements (Sections A, B, and C) signed with the United States, are not the basis of the Bolivian Government's global policy because it was designed on the basis of national objectives and criteria.

Quiroga stated: "Agreements are signed on the basis of already established national policies; we make the proposals' if they are accepted, agreements are reached."

Daily Criticizes U.S. Envoy's Comments on Drug Policy

PY1310014094 La Paz HOY in Spanish 30 Sep 94 p 4

[Commentary by Julian Meneces Rodriguez: "What Would Happen to Petricevic in the United States If He Opened His Mouth as Bowers Did Here?"]

[FBIS Translated Text] Charles Bowers thought he should leave the country with a warning, in an imperialistic tone of voice, regarding the coca-cocaine issue. "Bolivia has no excuse for not getting out of the white drug deal," he said, as he forecast difficult days for Bolivia if it is incapable of eradicating this problem.

It is regrettable that Bolivia should institutionalize a habit that affects our dignity as a free and sovereign country. The number of foreign powers' spokesmen who have the nerve to tell us in a loud voice what we should and should not do is ever increasing. The various U.S. ambassadors to La Paz are the ones who do this the most. Some more, some less, but they all poke their noses into what, in their capacity as foreign diplomats juridically banned from interfering in domestic affairs, they are not allowed to do in other countries of the world.

We are not aware of any U.S. interference in London, Bonn, Tokyo or Paris. Over there, people much brighter than Bowers keep their mouths shut and keep out of domestic policies, as is appropriate due to their diplomtic functions. The same thing goes for Latin America. Neither in Brasilia, Buenos Aires, Santiago de Chile, or Montevideo, just to mention a few, do the U.S. ambassadors hit the headlines as they do in the Bolivian media, a fact that, unfortunately, is tolerated by the ruling government. Unfortunately for us, the U.S. ambassadors to Bolivia talk like parrots.

This tolerance is irritating because it reveals a complete lack of self-esteem on the part of the temporary government officials. There is nothing wrong in a foreign diplomat having access to the media to promote the image or explain a domestic or foreign policy problem of his respective government. This has always been the case with the educated European diplomatic representatives. But it is unacceptably rude that a foreigner should treat somebody else's house as any old "saloon" [preceding word in English]. And worse still when he orders the house owners to do or stop doing this or that.

Let us suppose our Ambassador Petricevic goes crazy in Washington and that, in his insanity, he goes to CNN or THE WASHINGTON POST. And that, from both places, he tells President Clinton he has "no valid excuse" to pulverize drug trafficking in his own country with the inherent force of the world and the most powerful Armed Forces in the world. Let us also suppose that CNN and THE WASHINGTON POST authorities go mad and publish the statements of this ambassador with a Croatian name who represents the most miserable and dusty country in South America after Haiti. Let us also suppose that Petricevic opens his mouth, as much as Bowers in Bolivia, criticizing the Clinton administration for its impassive attitude regarding the existence of whole neighborhoods in California and Florida that have become "free territory" [chipe-libre] for drugs initially produced in Bolivia or Peru and refined in Colombia. And that he also demands an accounting for the $30 billion the U.S. Government spends per year in its struggle against delinquency, without any visible results, at least in the drug field. And, lastly, that he wonder why so many bosses of the U.S. mafia are not behind the bars of high-security prisons but rather are dressed in flashing "smokings" [preceding word in English]; lounging in luxurious casinos; mingling with artists, politicians and governors, from where they administer their gambling empires, drugs, and prostitution

If the aformentioned were to truly happen, Petricevic would be sent back in a straight jacket, after being declared "persona non-grata" as soon as he had finished uttering his words.

In the first place, Mr. Bowers, we have never resorted to excuses to try to break the coca-cocaine circle in Bolivia.

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Unlike the United States, where the great mafia bosses enjoy complete impunity, you have seen how in Bolivia democracy has punished them mercilessly. If you have any doubts, please just take a look at the Chonchocoro and San Pedro prison lists and ask the DEA for their respective police records. You may be quite sure that Bolivia will never abandon this policy, just as it will never abandon the producers of a coca leaf that you and only you turned into cocaine....

Good for you, Mr. Interior Minister German Quiroga, for your comments as Kamman's (Bowers' successor) cloud was approaching the country. All Bolivians uphold your demand (that the new U.S. diplomatic team respect national sovereignty), but don't you think it is your colleague, Foreign Minister Antonio Aranibar Quiroga, who should rule the roost on this matter?

Rules that are strictly observed at a universal level prevail over the relationship between states. Differences of ideas, in some cases resulting from contradictory national interests, are also unavoidable in the bilateral field. Protocol and diplomatic rules contribute to cushioning that friction and, above all, to hushing the noise, so that neither of the two things transcend the respective foreign ministries, for the sake of mutual respect that ultimately represents non-interference.

Then one wonders: Will Antonio Aranibar, with his 1.95-meter height, dare read the diplomatic etiquette to the new U.S. ambassador? Will we, in our capacity as a nation, government, journalists, have the courage to tell Kamman that, here, despite the insignificant role we play in the international sphere, he will have to act with the same respect and discretion as his collegues in London, Paris, Buenos Aires, Tokyo, or Bonn?

We will know when Kamman reaches our capital, the highest and most incredible one in the world....

Foreign Minister Stresses Relations With U.S.

PY1210205294 Cochabamba LOS TIEMPOS in Spanish 6 Oct 94 p 2

[FBIS Translated Text] La Paz, 5 Oct (LOS TIEMPOS)—Bolivian Foreign Minister Antonio Aranibar today stressed the excellent but "drug-related" [narcotizadas] relations between Bolivia and the United States, and expressed the government's congratulations on the inauguration of the new U.S. Embassy building.

Speaking at the inauguration, the foreign minister pointed out certain "imbalances" in current bilateral relations which cannot be ignored. Aranibar said: "Within our current bilateral relations are imbalances that cannot be ignored because different conceptions are being handled in the bilateral agenda; these relations represent one of the privileged zones of Bolivian foreign policy."

The Bolivian foreign minister attended the inauguration of what is commonly known as the "bunker" [preceding word in English]—a $31 million, 11-storey building which, according to construction experts, is invulnerable. He toured the building and stressed U.S. aid in the economic, technical, and cultural areas.

Aranibar said bilateral relations resemble an agreement; a notable example of which was the "amiable" solution between the U.S. Embassy and the La Paz municipality when the problem of a retaining wall that affected public property emerged.

Potosi Becoming 'Bridge' for New Drug Trafficking Route

PY1210190794 La Paz HOY in Spanish 6 Oct 94 p 2

[FBIS Translated Text] Potosi (HOY)—The Special Antinarcotics Force [FELCN] yesterday seized 4.5 kg of cocaine hydrochloride in Potosi. The drugs had been brought from Cochabamba and were earmarked for the border town of Villazon, according to a report released by FELCN Director Efrain Mendoza.

Valentina Orozco Claros, 28, from the locality of Huayllani in Cochabamba Department, was caught redhanded by FELCN personnel at approximately 0500 yesterday morning, 4 October, when the boat Copacabana arrived here carrying passengers from Cochabamba.

Fulfilling their search and seizure mission, FELCN agents detected a bag, belonging to Valentina Orozco Claros, which contained cocaine hydrochloride brought from Cochabamba to be transported to Villazon, according to FELCN Captain Efrain Mendoza.

Orozco Claros is currently being held in custody while the investigations continue. She will then be submitted to the regular courts in accordance with the law.

According to Article 98 of the Law on Controlled Substances, the drugs seized by the FELCN will be publicly incinerated within 24 hours in a field in the zone of Santa Barbara, Mendoza said.

Potosi has in the recent past become a bridge for cocaine trafficking toward the border town of Villazon, from where it is then transported to Argentina by apparently inexperienced people.

With the data that has been collected over the past few hours, all vehicles will during the next 24 hours be controlled, especially those coming from Cochabamba, from where the drug is being brought, Mendoza concluded.

Brazil

TSE Report: 99.4 Percent of Ballots Tallied

PY1310031294 Sao Paulo AGENCIA ESTADO in Portuguese 2217 GMT 12 oct 94

[FBIS Translated Text] The latest vote tally published by AGENCIA ESTADO tonight reflects 99.4 percent of the

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overall ballots cast in 281,718 voting locations countrywide. The figures are as follows:

Fernando Henrique Cardoso	34,156,545	(54.4 percent)
Luiz Inacio Lula da Silva	17,006,814	(27.1 percent)
Eneas Carneiro	4,600,825	(7.3 percent)
Orestes Quercia	2,759,925	(4.4 percent)
Leonel Brizola	1,938,158	(3.1 percent)
Esperidiao Amin	1,733,928	(2.8 percent)
Carlos Gomes	385,181	(0.6 percent)
Hernani Fortuna	234,805	(0.4 percent)
Null votes	7,386,706	(11.8 percent)
Blank votes	7,155,576	(11.4 percent)

TSE Reports Figures on Deputies' Elections

PY1310023794 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 12 Oct 94

[FBIS Translated Text] Votes scrutinized countrywide thus far reveal that more than 50 percent of the Chamber of Deputies seats will be renewed as a result of the recent elections. The new Chamber of Deputies will have 513 seats instead of the current 503 because the Sao Paulo bloc increased from 60 to 70 deputies. Eighteen parties have ensured their representation in the Chamber. The party that lost more seats in the elections was the Progressive Renewal Party, PPR. It now has 15 seats less, which is exactly equivalent to the 15 seats gained by the Brazilian Social Democracy Party, PSDB.

Let us now see how the Chamber of Deputies' blocs will be comprised:

The Brazilian Democratic Movement Party, PMDB, has the largest number of deputies, 108. The Liberal Front Party, PFL, has 88; the PSDB has 63; the PPR 51; the Workers Party, PT, 50; the Popular Party, PP, has 37; the Democratic Labor Party, PDT, has 34; the Brazilian Labor Party has 30; the Brazilian Socialist Party has 15; the Liberal Party has 13; and the Communist Party of Brazil has nine. The seven other parties—the National Mobilization Party, the Social Christian Party, the Democratic Social Party, the People's Socialist Party, the National Reconstruction Party, the Green Party, and the Progressive Republican Party—have, together, a total of 15 deputies.

The northern region has elected 65 deputies: 28 have been reelected, 18 elected by the PMDB, 14 by the PPR, and the remaining ones by other parties. The northeastern region has elected 151 deputies: 66 have been reelected, 51 elected by the PFL, 30 by the PMDB, and the remaining ones by other parties. The central-western region has elected 41 deputies: 18 have been reelected, 11 elected by the PMDB, seven by the PP, and the remaining ones by other parties. The southeastern region has elected 179 deputies: 86 have been reelected, 32 elected by the PMDB, 31 by the PSDB, and the remaining ones by other parties. In the southern region, 77 deputies have been elected: 27 have been reelected, 17 elected by the PMDB, the PPR and the PT elected 12 deputies each, and the remaining ones are from other parties.

Vote Count Not Finished in Maranhao, Rio de Janeiro

PY1310024694 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 12 Oct 94

[FBIS Translated Text] The Superior Electoral Court, TSE, already has the model of the voting slips for the runoff. It has reported that practically all the votes in the first round of the elections have been scrutinized.

In the last hour, the TSE reported that there have been changes in the Mato Grosso senatorial elections: After scrutinizing the votes contained in a ballot box for which counting had been allegedly irregular, senatorial candidate Antero Barros, who had already been celebrating his election, lost the second position to Carlos Bezerra by a difference of 50 votes.

The TSE is expecting the end of the vote counting process in only two states: Maranhao, which has finished counting almost 100 percent of its votes, and Rio de Janeiro, where the process is still slow. The TSE cannot report the overall figures on the elections because of Rio de Janeiro's delay.

The TSE today reported on details of the voting slip to be used in the runoff. The model is much simpler and has the names of the two candidates who are disputing the runoff in the 17 states and the Federal District. With this simple voting slip, vote scrutiny will be much faster, the TSE reported. Vote tally results will probably be known in all states 48 hours after the end of the elections, at most.

Police Disclose Fraud Delaying Rio Vote Count

PY1210213394 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Oct 94

[FBIS Translated Excerpt] Police have learned that slowness in vote counting in Rio de Janeiro is part of a fraud scheme organized before the elections. Fourteen people involved in the fraud have already been arrested.

In the Rio de Janeiro Regional Electoral Courts, what one hears most are complaints. There is a mistake here, another one there. Hundreds of instances of fraud have been identified in all courts. [passage omitted]

Electoral Court Judge Luiz Fuks of Santa Cruz District, in the western region of Rio de Janeiro, dismissed 60 computer operators and scrutinizers. Now, 10 trustworthy people are recounting the bulletins reporting results obtained from more than 800 ballot boxes. Fuks said: "People who commit fraud plan their acts more carefully than those who try to act honestly."

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Rio de Janeiro police already know that organizing the fraud scheme began long before the elections. Several parties and candidates learned beforehand who would volunteer to scrutinize the votes. From then on, distribution of the vote counting positions began among those interested in the success of the fraud. Once the scrutinizing of votes began, the second stage of the scheme was put into operation: Vote counting would be slow during the first 50 hours to tire the supervisors and make it easier to change figures in the vote scrutiny bulletins. [passage omitted]

Politicians, Analysts Examine Voter 'Indifference'

PY1210115794 Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Oct 94 p 4

[Article by Jose Maria Mayrink]

[FBIS Translated Text] Sao Paulo—According to active politicians and academic theoreticians, the excessive number of candidates, the limitations of the electoral campaign, and the weakening of Congress explain the large number of null and blank votes for deputies and senators in the elections on 3 October. There is still another factor, namely, that in addition to electing congressmen, voters had to elect the president and the governors.

"The emphasis attached to the executive branch, especially to the president, overshadows the attention that the other posts deserve," says jurist Dalmo Dallari, a professor of constitutional law at the University of Sao Paulo (USP) and a former leader—two years ago—of the Movement for Ethics in Politics. Dallari said that the election of governors, which in Sao Paulo registered more than 26 percent of null and blank votes, was also affected.

PT [Workers Party] Deputy for Sao Paulo Jose Genoino, who is running for his fourth mandate, and who should rank among the first in the ballot boxes in his party, believes that Congress' lack of prestige is the main reason for the indifference of voters toward the election of lawmakers. In the election of senators and deputies, null and blank votes surpassed 38 and 45 percent respectively. The image of Congress, Genoino said, has been worn out by the charges of corruption and vagrancy that were pressed against many of its members.

"The electoral campaign also promoted the voters' indifference, because it was negative in all parties," Genoino said, noting that most candidates did nothing but distribute pictures and pamphlets, because free electoral propaganda time did not promote debate on ideas and programs. Genoino believes that the election of congressmen would awaken more interest if voting were not compulsory. "I used to be in favor of non-compulsory voting, but now I strive for it," the deputy said.

Jurist Dalmo Dallari criticized the electoral system even further. "In addition to being numerous, candidates fail to awaken the interest of voters, because they are far from the rank-and-file," Dallari said. The solution, according to him, would be the adoption of the district voting system, which might be the only way to make deputies and senators approach those whom they intend to represent. The excessive number of contenders for Congress also confuses voters at the time of marking ballot slips.

"Voters who are just plain people, especially the illiterate, feel uncertain in front of the long list of candidates for deputies, and they end up voting blank or annulling their votes," Dallari said. The USP professor said that the press is to blame for voters' indifference, "because the press ignored Congress and gave more space to the elections for president." According to him, this is nothing new—it is a tradition—"because since the time of the colony, power in Brazil has always been concentrated in the executive branch."

PMDB [Brazilian Democratic Movement Party] Senator Jose Fogaca, who is ahead in the electoral race for senator in Rio Grande do Sul, deplored the large number of null and blank votes. "No one gets anything from that, neither candidates nor voters," Fogaca said. He added that the large number of contenders has made it more difficult for voters to elect candidates for deputy. He does not believe, however, that this would also be the case in the election of senators and governors. Indifference, Fogaca said, could well be the result of the negative image of Congress.

Editorial Views Blank, Null Votes as 'Warning'

PY1210230494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Oct 94 p A3

[Editorial from the "Notes and Information" page: "Warning To Be Considered"]

[FBIS Translated Text] Any argument will provide a good explanation for the high percentage of blank and null votes in the 3 October elections. It is nonetheless useful to pay attention to the deep meaning conveyed by such figures: It is a serious alert for the whole political class. In short, by refusing to fill in the ballot, or by deliberately annulling the vote, the voters meant to express the little appreciation they have for politicians—from any legislative house, and even from the executive branch. Such a frame of mind helps to explain the resounding defeat of some old political chiefs and the good portion of the votes cast for Eneas. In face of this alert, the democrats should make a self-criticism and try to find a solution to the situation, which might evolve in a disastrous manner for the institutions.

We are not exaggerating, and we do not want to cause alarm. The figures, however, force us to meditate on the problem. In the voting for federal deputies, according to some calculations completed on 7 October, in the afternoon, nearly 43 percent of the voters in the entire country had cast either a blank or null vote. In the voting for president of the Republic, the same proportion of 22

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or 23 percent was maintained unaltered. These figures are too high. As for the voting for senators, the figures are not totally valid, because voters had to vote for two candidates and many voted for only one, which means that each of those ballots contain a blank vote. Let us concentrate on the votes for president, because the comparison will be more accurate:

Blank and null votes:
In 1950, 4.32 percent of the votes were blank or null;
In 1955, 5.19 percent;
In 1960, 7.21 percent;
In 1989, 6.4 percent (in the first voting round);
In 1989, 5.8 percent (in the runoff);
In 1994, 22.7 percent.

The difference between Collor's election and this one is very big. That is why it is strange, not to say worrisome. In the same manner, a singular event is likewise strange: the nearly equal amount of blank and null votes: 11.5 percent for blank, and 11.2 percent for null.

The blank and null figures—for the presidency, the Senate, and Chamber of Deputies—are so large as to be worrisome for the Superior Electoral Court (TSE) supervisor as well as TSE Chairman Sepulveda Pertence. The coincidence of the general and proportional elections is not sufficient as an explanation, although it has been much discussed, because in 1950, when general and proportional elections were also held simultaneously, the number of those who refused to vote by casting a blank or null vote at the ballot box was small.

The TSE does not rule out as an explanation the large number of illiterate voters. To accept such explanation—which is valid in principle—would require knowing the figures and educational qualifications of the voters who voted in 1989, given that illiterate citizens have been able to vote since 1988. These elections allowed the use of the so-called "drawing device" [normografo], an instrument by which illiterate voters could trace the name of the federal or state deputies they preferred. TSE Chairman Pertence expressed the possibility that illiterate voters, being ashamed of their condition, did not want to use the drawing device (which would have forced them to take a longer time to vote) in order not to reveal their illiterate condition, so they then cast a blank or null vote. Their condition was nonetheless revealed when they handed in their voting document and had to "sign" the voting register.

As stated at the beginning, many arguments can explain this landslide which the people are beginning to become aware of only now. Each argument can be refuted. Thus, for every solution expressed (such as making the vote optional) there will be a demonstration of its negative side. It is now important to attempt to understand why 22 percent of the voters rejected the presidential elections, and 43 percent of them rejected the legislative branch elections.

If congress were sensible, it would approve funds to carry out qualitative and quantitative research to find out how deeply the people reject the politicians, or whether the amount of blank and null votes is a mere coincidence involving a technical problem. If this were the case, so much the better for democracy. But it will be necessary to immediately create, and not just before the elections, the conditions to allow that immense number of illiterate and semi-illiterate voters to vote without moral embarrassment.

In addition to this, in order to put an end to the process of discrediting of the "politicians"—which could end in the discrediting of democracy—it is necessary for the leaders of the new Senate and Chamber of Deputies to be able to impose themselves on the new congress members and show them, with the strictness and gentleness of elderly politicians, what path they must follow.

Contacts Begin To Guarantee Support for Cardoso

PY1210174594 Madrid EFE in Spanish 1451 GMT 12 Oct 94

[FBIS Translated Text] Brasilia, 12 Oct (EFE)—Official sources reported today that Brazilian President Itamar Franco and his virtual successor Fernando Henrique Cardoso will meet tomorrow in Brasilia to prepare a transition process.

Franco, 63, expressed his desire to adopt, during the two and a half months remaining in his mandate, the measures necessary to maintain economic stability—monthly inflation is currently 1 percent—and prevent any economic setback for the future administration.

Regarding the anti-inflation plan, Franco said "I will respect the will of the president-elect," who is a friend and ally of Cardoso, 63, who has been foreign and finance minister under Franco.

Franco expects Cardoso to take the initiative in the projected constitutional reform process for what remains of the year, to modify in particular the chapters on fiscal and tax systems so as to allow the future administration to begin its work with enough guarantees of revenue and balanced accounts.

Franco fears that his mandate will not be long enough to implement a constitutional amendment process in such complicated subjects.

Civilian Household Minister Henrique Hargreaves said that President Franco will not take the initiative to seek support for the approval of the amendments by Congress.

Franco has expressed to Luiz Henrique, president of the largest Brazilian political party, the centrist Brazilian Democratic Movement Party, PMDB, his will to sponsor the constitutional amendment suggested by Cardoso only if massive support is obtained from the political parties represented in Congress.

Meanwhile Pimenta da Veiga, president of Cardoso's Brazilian Social Democracy Party, PSDB, admitted that

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it would be difficult for Congress to debate the constitutional amendments this year. He suggested that such debates take place between February and July 1995.

Cardoso will be installed in power on 1 January 1995.

The PSDB has begun to contact formally the PMDB—which will control 21.5 percent of the legislative branch—with the purpose of guaranteeing a majority bloc in Congress.

The five-party alliance that supported Cardoso during the general elections will only control 200 of the 513 seats in the Chamber of Deputies, and 40 of the 81 seats in the Senate.

The conversations will depend on the runoff elections for 18 governors, out of a total of 27, which will take place on 15 November and in which 75 million potential voters should participate.

Only 9 governors were elected, with over 50 percent of the votes, in the first round of voting.

Pimenta da Veiga said that the two parties would discuss control of the presidency of the Chamber of Deputies and of the Senate, which according to internal congressional regulations correspond to the PMDB, because it is the largest party bloc in Congress.

Cardoso Plans Secretariat To Fight Corruption

PY1210164394 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Oct 94 p A7

[Article by Cleber Praxedes]

[FBIS Translated Text] Brasilia—Virtual President-elect Fernando Henrique Cardoso, from the Brazilian Social Democracy Party, will create an internal control secretariat directly subject to the Presidency of the Republic to combat corruption in the public federal administration. Cardoso has already discussed the subject with a Supreme Court justice, and one of his advisers said yesterday that the creation of this new secretariat will be part of the transition plans to be prepared by Cardoso's team.

During his conversation with the justice, Cardoso expressed concern over the lack of central control in combating corruption in the federal administration. While he served as finance minister, Cardoso approved the creation of a executive control secretariat, directly linked with the Treasury Secretariat, to make and follow up charges of irregular procedures in agencies of the federal administration.

The secretariat to be created during the new administration will have a small infrastructure and will reinforce the internal control secretariats [Secretarias de Controle Interno] (Secins) that operate inside each ministry. In addition to the Secins, the new secretariat will work together with the National Accounting Office (TCU), which currently operates as a comptroller of the expenses of the ministries, autonomous agencies, public companies, and funds.

Amorim Views UN Security Council, Americas Summit

PY1210205194 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Oct 94 p 19

[Article by Luiz Orlando Carneiro]

[FBIS Translated Excerpt] Brasilia—[passage omitted] Brazilian Foreign Minister Celso Amorim said he will discuss Brazil's interest in a permanent seat on the UN Security Council with his Russian counterpart. He said that during the initial period of the UN General Assembly, Brazil has been the only country mentioned by other countries (he cited Venezuela, Portugal, Mozambique, and Cape Verde) as a potential member of an extended UN Security Council together with Japan and Germany.

United Nations—Referring to comments by President-elect Fernando Henrique Cardoso during a news conference on 6 October—during which he said that any country wishing to join the UN Security Council "should assume the responsibilities it implies"—Minister Amorim said Cardoso's assertion is "logical." Amorim believes Brazil is assuming its responsibilities by providing troops to the UN Peace Forces in Mozambique and observers to Bosnia- Herzegovina. He also recalled that the creation of a South Atlantic Peace Zone—comprising the RSA, other African countries, Brazil, Argentina, and Uruguay—follows a Brazilian initiative.

During the official two-day visit he will make to Russia early next week, the Brazilian foreign minister will sign a bilateral "partnership and special relations" treaty that will especially deal with cooperation in the nuclear field, considering "the great experience Russia has in this field." He will also sign a bilateral political consultation protocol.

Minister Amorim does not know if President-elect Fernando Henrique Cardoso will be invited to attend the Americas summit—with President Itamar Franco—which is being organized by U.S. President Bill Clinton for 9 and 10 December in Miami. Amorim said: "I did not discuss this subject with President Itamar Franco."

Iraqi Trade Mission Visits; Mideast Trade Viewed

PY1210204994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Oct 94 p B14

[Article by Milton F. da Rocha Filho]

[FBIS Translated Text] Discreet, behind the scenes negotiations have been going on within the United Nations to end the embargo on Iraq. This embargo was imposed more than two years ago because of Saddam Husayn's reluctance to allow a broad UN investigation of Iraqi

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nuclear energy sites. If everything goes well, the embargo could be lifted on 15 October, allowing Brazil to export items beside the food, medicines, and equipment which is allowed by the United Nations. This move could render Brazil $1.5 billion per year.

But even if Saddam Husayn shows signs of retreating, the chances that the embargo will be lifted are remote and the talks could be suspended.

This was reported by businessman Rezkallah Tuma, president of the Acropole Trading Company, one of the most specialized companies in trade with the Middle East. Rezkallah said an Iraqi mission visited Brazil recently to negotiate the purchase of Brazilian products and emphasized the possibility of lifting the embargo.

Even with the embargo, Iraq purchases $200 million worth of Brazilian products, especially medicines and food. These products go to Iraq via Jordan at a higher cost than if they went direct on account of the freight, mediation, and commissions.

Other countries also supply food and medicines to Iraq. Brazil maintains trade with other Middle East countries, mainly exporting chicken. This results in annual sales of more that $200 million.

Brazilian sales to Lebanon—especially to companies in Beirut—have yielded $500 million so far this year. Lebanon buys linen, civil construction material, electronic products, and other products from Brazil.

There is an increasing trade trend with Beirut, but everything depends on the success of the Middle East peace agreements. The former IBC (Brazilian Coffee Institute) still has access to its area in the Port of Beirut, which may still be used. The Lebanese Government has freed the port and all that is needed is a political decision by the Brazilian Government to approve the use of this area by Brazilian exporters.

Reconstruction of Beirut—There is a $14 billion investment and reconstruction plan for Lebanon which relies on the return of those who abandoned the city during the war. Brazil could be one of the biggest civil construction material suppliers.

Another negotiation that may be resumed is with Libya, where a river is being constructed in the desert—the most ambitious plan of Colonel Mu'ammar al-Qadhdhafi. Brazil could participate in the construction of a steel plant in Libya for which Vale do Rio Doce could supply minerals.

Rezkallah Tuma said this deal could involve more than $200 million, but it also depends on the UN decision to lift the embargo. Brazilian exports to Libya via Malta mainly consist of food.

Correction to Cardoso Opens News Conference

PY0710183894

The following correction pertains to the item headlined "Fernando Cardoso Opens News Conference," published in the 7 October 1994 Latin America DAILY REPORT, pages 28-31.

Page 29, column one, paragraph four, third sentence, reads ...of the people. However, the government that stepped in, headed by President Itamar Franco, was supported by the people and ... (rewording for clarity)

Chile

Court Ruling Against Mapuches Sparks Protests

PY1210153194 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 12 Oct 94

[FBIS Translated Text] The Carabineros have adopted special security measures, particularly in the Temuco area, where on the evening of 11 October there were violent disturbances protesting a court ruling against the members of the All-Lands Council. There were also some disturbances yesterday in Santiago, near the former Teachers School building, over what some people allege is discrimination against indigenous groups.

[Begin recording] [Unidentified reporter] In view of the disturbances in Temuco, which lasted over 3 hours, the Carabineros have announced the adoption of special measures to avoid excesses. During the protest the demonstrators shouted slogans against the Chilean judicial system. This was in view of an Appellate Court ruling affecting 144 Mapuches, members of the All-Land Council.

The disturbances resulted in considerable damage to private and public property, including a Television Nacional vehicle.

[Second unidentified reporter] In Santiago, the Grecia and Macul University area was again last night the site of incidents promoted by hooded individuals who were protesting the same issues raised by the demonstrators in Temuco.

As on previous occasions, the demonstrators sought refuge at the Philosophy and Humanities School and at the former Teachers School building, from which points they proceeded to set up roadblocks, interrupting traffic.

In addition, the demonstrators hurled Molotov cocktails, stones, and gravel with slingshots, which became true bullets. The demonstrators also damaged a gas station, which was attacked with incendiary objects. The only individual who was arrested was a minor who was caught on the street participating in the incidents. Everything was normalized in the area by around 1800. [end recording]

Colombia

Valdivieso: Cali Cartel Not To Benefit From Cooperation

PA1310045794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 12 Oct 94

[From the "National Newscast"]

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[FBIS Translated Text] Prosecutor General Alfonso Valdivieso said today that no contacts have been made regarding a possible surrender of Cali Cartel members. He affirmed that the sentence reduction is not retroactive, therefore Cali Cartel members will not benefit from cooperating with authorities in the struggle against Escobar. If they surrender now, their past cooperation will not help them.

The prosecutor general and Justice Minister Nestor Humberto Martinez met until the predawn of hours of today to discuss the consequences of the cooperation of Cali Cartel members in the pursuit of Pablo Escobar and his men. The definitive conclusion was that the Cali Cartel's participation in the struggle against the Medellin Cartel will not contribute toward a sentence reduction in the event that any member of the Cali Cartel surrenders,.

[Begin recording] [Valdivieso] This cooperation from the Cali Cartel will not be considered in a negotiation process or a surrender program, which, by the way, has not yet begun.

[Unidentified reporter] Mr. Prosecutor General, has any contact been made with Cali Cartel members since you took office?

[Valdivieso] No contact has been made with me. I am willing to make contact, as I should be, and believe such contact must be established if the interested parties so desire. [end recording]

Officials Meet To Discuss Jail Corruption Case

PA1210175694 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 11 Oct 94

[From the "Seven o'Clock Newscast"]

[FBIS Translated Text] The biggest corruption case ever imagined, even in the most difficult conditions known to exist in Colombian jails, was discovered today when the attorney general, the justice minister, and the INPEC [Penitentiary and Prison Institute] director met to investigate the case of seven La Picota jail inmates who left without permission this weekend.

The officials announced a total purge within the prison system and the creation of an elite group to control prisons.

The director of Bogota's La Picota Jail was fired for allowing seven people, including the murderer of former Justice Minister Rodrigo Lara Bonilla, to leave the prison to have fun at a local discotheque. Two prison guards were also suspended for the same reason.

In addition, the director of El Buen Pastor Jail was dismissed for allegedly receiving money to release a woman inmate and for obstructing the work of the prosecuting office in the arrest of an individual who visited the jail and got mysteriously lost inside the prison.

Thirteen guards and the guard coordinator at Modelo Jail were suspended for last week's shameful incident when guards beat up a group of prosecuting office officials who were to carry out an operation there.

The periodic rotation of prison guards was ordered in order to prevent them from becoming too friendly with inmates.

As if this was not all, the government detected serious anomalies in more than 30 contracts to build and improve various jails; these contracts involve more than 25 million pesos.

The INPEC director and the justice minister were emphatic when they announced the dismissals and suspensions:

[Begin recording] [Justice Minister Nestor Humberto Martinez] The board of directors has asked the INPEC director to create an elite group to exercise internal prison control. This group will establish the manner in which regulations will be complied with. I ask the country not to criticize legal provisions in the heat of these incidents. We do not want to sell magical, unreal, and inefficient formulas for solutions to the country in the face of conducts that violate all codes.

[INPEC Director Colonel Norberto Pelaez] Each director must account for his prison's discipline and operations. Failing to meet this responsibility will result in a thorough investigation with the pertinent consequences involving labor and disciplinary actions. [end recording]

Paraguay

Main Senad Case Suspect Questioned by Civilian Judge

PY1210200494 Asuncion ULTIMA HORA in Spanish 11 Oct 94 p 5

[FBIS Translated Text] Last night Criminal Judge Antonio Rodriguez heard the testimony of Captain Juan Emiliano Ruiz Diaz on the attack that resulted in the death of General Ramon Rosa Rodriguez on the morning of 10 October.

The report of the testimony says: "At 2200, First Criminal Court Judge Atilio Rodriguez and Seventh Chamber Prosecutor Teresa Gonzalez de Daniel visited the Armed Forces Central Hospital to carry out item two of the pre-trial inquiry disposition and hear Cap. Juan Ruiz Diaz's testimony."

The captain said: "I am a military man under the orders of Gen. Rosa Rodriguez at the Senad [National Antinarcotics Directorate]."

"Asked if he is affected by some legal impediment or inability to testify, he replied: No."

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Judge Rodriguez asked "if he has knowledge of or has witnessed an alleged criminal attack at approximately 0715 the same day, 10 October, which ended with the death of Gen. Ramon Rosa Rodriguez and Pedro Abundio Fleitas. Ruiz Diaz replied: I have no knowledge of the incident."

Asked where he was, or in whose company, at approximately 0715 on 10 October, Ruiz Diaz said: "I was with the ANAR [expansion unknown] president. That was at 0700."

He added: "His name is Cesar Ruben Jara Avelli."

On the subject of a white 4-wheel drive, he said: "The 4-wheel drive was with the mechanic today. It is mine. It was at a repair shop in the town of Mariano Roque Alonso."

Asked to describe his relations with Gen. Ramon Rosa Rodriguez, if he had argued, or if he had any discussion with him lately, and for how long, Ruiz Diaz said: "Yes. I know Gen. Rosa Rodriguez. We maintained excellent relations. I had no differences with him."

Asked when was the last time he saw Gen. Rosa Rodriguez, or when was the last time he met and talked with him, Ruiz Diaz said: "I saw him this morning. I cannot remember what we talked about."

Asked if he could say who shot the general, Ruiz Diaz said: "I do not know."

Asked whether he accompanied Gen. Rosa Rodriguez in a Senad jeep, Ruiz Diaz said: That is correct. Ruiz Diaz said: "First Lieutenant [Luis Carlos] Lugo was with us. I do not remember who else. We were driving to the Chief of Staff building, nothing happened."

The document states that the judge asked: "The informant will say if he knows the identity of the person who was presumably manacled when Ruiz Diaz accompanied Gen. Rosa Rodriguez in the jeep, and Ruiz Diaz answered: No."

Asked if he knew how was he injured in the head, Ruiz Diaz said: "I shot myself with a 6.35 caliber revolver. The gun is at the military hospital. I shot myself with the revolver."

Asked why he was named as the person "responsible, who tried or wanted to kill Gen. Rosa Rodriguez, Ruiz Diaz said: The general was linked to certain things in one or another way which contributed to the shooting."

Ruiz Diaz confirmed having an apartment for personal activities.

Regarding activities to repress the trafficking, possession, and trading of dangerous drugs, Ruiz Diaz said: "Our last job was in Ciudad Del Este yesterday (9 October) afternoon. The general, Colonel Lugo, First Lieutenant Lugo, and Infantry First Sargent Marcial Lugo participated." [sentence as published]

Where were you at the time of the shooting? Ruiz Diaz answered: "I was near Gen. Rosa Rodriguez. Asked if he drove his white 4-wheel drive Land Cruiser, and if that was the case, at what time, Ruiz Diaz said: No."

Asked if he was aware of an operation carried out by Senad at Parque Cue and if he remembered who participated in the operation, Ruiz Diaz said: "I have no knowledge of that."

Asked if he knows Miguel Angel Berni, Ruiz Diaz said: "Miguel Angel Berni is a Senad agent. He did not participate in any operation." [sentence as published]

Asked for the names of those linked to drug trafficking in our country, Ruiz Diaz said: "I have no knowledge of such things. I cannot give you names."

The judge said: "The informant will say if he met during the morning with the president of ANAR or the UIP [Paraguayan Industrial Union], Ruiz Diaz answered no, ANAR's name is Augusto Nunez." [sentence as published]

Ruiz Diaz said he did not know who would know about the case.

Detained Brazilian Linked to Apparent DEA Operation

PY1210152294 Asuncion ULTIMA HORA in Spanish 11 Oct 94 p 6

[FBIS Translated Excerpt] The "surfacing" of a Brazilian citizen who was arrested on 6 October carrying 156 kg of cocaine could be a revealing "clue" as to the motives that led to the two successive attacks in which General Ramon Rosa Rodriguez, executive secretary of the National Antinarcotics Secretariat, Senad, was killed on 10 October.

The Brazilian citizen was arrested on orders from Judge Angel Ramon Barchini by Senad personnel and DEA agents at the Renacimiento Hotel at 1148 Mayor Fleitas Street in Asuncion.

According to information received, the suspect—who has been identified as Clovis Antonio Cafatesta Almiliato—is wanted by U.S. courts. Only Gen. Rodriguez had interrogated Cafatesta Almiliato, who apparently gave the general the names of key drug traffickers.

One day after his arrest, the Brazilian citizen was taken before Judge Barchini, to whom he said that he wanted to go to the United States.

The Brazilian made this decision probably because of a "deal" he had made with DEA agents by which he would receive a softer sentence from U.S. courts in exchange for cooperation. For this he had to travel to the United States carrying 20 kg of cocaine (it appears that a U.S. judge had already authorized his entry through U.S.

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airport customs) and drug enforcement personnel would close in once he made contact with the people who had to pay him for his services.

Judge Barchini took the steps necessary to expedite the extradition, and Gen. Rodriguez (who had personally filed the petition for a warrant to arrest the Brazilian and asked that it be kept confidential) authorized the drugs to be taken to the U.S. Embassy in Paraguay. [passage omitted]

'Enormous' Cocaine Shipments Made to U.S.

PY1210155194 Asuncion NOTICIAS in Spanish 12 Oct 94 p 4

[FBIS Translated Text] No doubt one of the most important parts of the confession made by the Brazilian citizen who has been detained at Dinar [National Antinarcotics Directorate] refers to the amount of cocaine that the group of drug traffickers have been introducing into the United States. The Brazilian prisoner was identified as Clovis Antonio Calafesta, and said he had been contracted by Viveros Cartes, "a man about 50 years of age and fairly fat," to build airstrips properly coordinated for traffic with all kinds of merchandise. The man talked about a monstrous operation that permitted, until only days before his arrest, the introduction of no less than 1,000 kg of cocaine per week into the United States. The profits derived from this operation are huge.

The DEA's interest in keeping the Brazilian under arrest and strong guard was not in vain.

Calafesta, whose arrest is believed to be firmly linked with General Ramon Rosa Rodriguez's murder on 10 October, decided to start talking. He told a group of legislators what the U.S. agents were so carefully keeping to themselves: Some 1,000 kg of cocaine were being shipped to the United States through Paraguay every week.

The DEA, which arrested Calafesta with a court order and assured legislators that the measure was done for security reasons, has been handling enormous amounts of drug trafficking for the past few months. Legislators have expressed doubts about the DEA's "undercover operations," and ended up discovering that U.S. agents, in connection with drug trafficking gangs, had knowledge that very influential Paraguayan figures were actively operating in cocaine contraband.

No names were mentioned.

Dinar Chief, Family Receiving Death, Kidnapping Threats

PY1210202894 Asuncion ABC COLOR in Spanish 12 Oct 94 p 4

[FBIS Translated Text] Superintendent Publio Fretes Fernandez, retired, chief of the National Narcotics Directorate (Dinar), has received more calls with death threats for him and his family.

The Dinar chief has indicated that the continuous deaths threats that are being received by telephone are something routine for him and his relatives. Moreover, he stated that since the violent death of General Ramon Rosa Rodriguez, retired, director of the Senad [National Antinarcotics Secretariat], he has become very concerned.

"Rodriguez, I, and other Dinar personnel were always receiving death threats, but now everything is taking on another hue because these people are now carrying out their promises," the police chief said.

Fretes indicated that the anonymous telephone calls are not limited to expressions such as your days are counted; they also refer to his wife and children, and they indicate knowledge about the routine movements of the family and threats that the children would be kidnapped from their respective schools.

Fretes also receives dozens of calls at his home that, when answered, are suddenly cut off.

The pressure that the Dinar chief is receiving is not limited to the delicate situation that has arisen with Rodriguez' death and the possible consequences, but also to unknown persons who do not give up issuing threats.

Wasmosy Denies Detentions Made in Rodriguez Case

PY1310020994 Asuncion RPC Television Network in Spanish 0057 GMT 13 Oct 94

[FBIS Translated Text] During an official visit to the city of Pilar, the president of the Republic, Juan Carlos Wasmosy, pointed out to journalists that no one has been detained in the case involving the attack in which General Ramon Rosa Rodriguez was killed.

[Begin recording] [Wasmosy] They are not detainees. They are people who have been detained or, as ordinary people say, delayed for inquiries. That is all. There are no detainees.

[Unidentified reporter] And what about these Dinar [National Narcotics Directorate] agents?

[Wasmosy] What?

[Reporter] What about these Dinar agents, one of whom would even be under the protection of the U.S. Embassy?

[Wasmosy] Who said that? This is another....

[Reporter, interrupting] Did the office of the commander in chief or the president of the Republic order the arrest of these officials at the service of....

[Wasmosy, interrupting] No, no. I have merely said the investigation will be conducted thoroughly, but no one has been detained.

[Reporter] Mr. President, you deny, then, that the DEA has asked you....

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[Wasmosy, interrupting] Categorically. The U.S. Embassy has actually asked that this Brazilian be extradited or expelled. I have asked for a written petition on this issue, and the foreign minister has just informed me that they have filed a written petition. [end recording]

Wasmosy on 'Hornet's Nest' of Powerful Traffickers

PY1210185294 Asuncion NOTICIAS in Spanish 12 Oct 94 p 14

[Report on Paraguayan President Juan Carlos Wasmosy's 'informal chat' with unidentified journalists at the San Jose School in Asuncion on 11 October]

[FBIS Translated Text] President Juan Carlos Wasmosy surprisingly stated on 11 October that a hornet's nest of powerful Paraguayan drug traffickers is being stirred up. He described two Senad [National Antinarcotics Secretariat] agents, who are allegedly involved in General Ramon Rosa Rodriguez' murder, as "bandits" and "spoiled brats of the Yankees." He stated that of every 300 kg of drugs seized in Paraguay, only 25 kg are sent to the United States. The president said: "These bandits have been profiting from the difference and we are ruining their business." He added that on 7 October Gen. Rodriguez warned Wasmosy that his life was in danger.

During an informal chat at the San Jose School with journalists accredited to Government House, President Wasmosy revealed in no uncertain terms the motives behind Gen. Rodriguez' murder and the horrifying specter of drug trafficking that hovers over this case. He also clearly stated that this case is linked to the seizure of drugs in Parque Cue.

Wasmosy indicated that two Senad agents—Miguel A. Berni (special agent), and Pedro Rodas Benitez—are apparently involved in the case and promised that they will be arrested.

Wasmosy began by saying that judging by recent developments the antinarcotics struggle is on the right course. Wasmosy asked: "We are obviously doing the right things, we are stirring up a hornet's nest, breaking it up. We are getting to them so they are reacting. Why did they do nothing before?"

[Reporter] Mr. president, could this be a branch of the Colombian cartels?

[Wasmosy] I would not go that far... It is something local (a Paraguayan cartel, one journalist said). It is a local matter, and a lot of money is involved.

[Reporter] Could nothing have been done to prevent Gen. Rodriguez' death?

[Wasmosy] He (Gen. Rodriguez) was taking this guy (Captain Juan Ruiz Diaz) in, and when Rodriguez climbed into the jeep ... his mistake was not to have told somebody else take the guy in. He gave the radio to the guy and told him to climb into the jeep and said they were going to the presidential escort headquarters. That is when the guy got scared and shot the general. He knew very well what was going to happen to him.

[Reporter] But Mr. President, Captain Ruiz Diaz said he was not the killer...

[Wasmosy] No, no, that is not so. He is playing dumb. He knows a lot. He was the Military Police commander in the town of Mariscal Estigarribia at the time of the Parque Cue case. You can confirm that. Gen. Rodriguez knew many things about this captain and about other people as well.

[Reporter] Why did you not allow the captain's wife to visit him last night?

[Wasmosy] What would you say if the wife gave him an injection and killed him...

[Reporter] What about the two people who were riding in the Volkswagen Golf car at the time of the first attack?

[Wasmosy] We will get them...will get them both. I know who they are.

[Reporter] Are they civilians, Mr. President?

[Wasmosy] They are civilians...they are... (Senad agents, the journalists said) "spoiled children" of the Yankees. These bandits have been profiting from the difference between quantities of drugs: 300 (kg) are seized of which 25 are sent to the United States. What about the rest? These bandits were making a business of it and now we are breaking up their operation. Once you get into this business you cannot get out.

That was part of the "ping-pong" between Wasmosy and the journalists. At one point the president indicated that Gen. Rodriguez warned him on 7 October to take care of himself because his life was also in danger. Wasmosy said the late Senad executive secretary told him: "There may already be a contract out on me, but you should take care as well, Mr. president."

Wasmosy explained that he prevented the extradition of Brazilian citizen Clovis Antonio Catafesta [name as published]—who is under arrest at Dinar [Narcotics Directorate] premises—and instructed General Evaristo Gonzalez, the new Senad executive secretary, to interrogate the Brazilian citizen who is wanted by U.S. courts. Wasmosy stated that the Brazilian could contribute a lot to the case and is apparently no longer anxious to go to the United States, at least for the time being.

Former Senad Director Testifies on Parque Cue Case

PY1310005494 Asuncion ULTIMA HORA in Spanish 12 Oct 94 p 2

[FBIS Translated Text] General Marcial David Samaniego, the former National Antinarcotics Secretariat (Senad) director, this morning testified before Criminal Judge Arnulfo Arias, who has resumed the

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investigations into drug trafficking activities in Parque Cue, Paraguayan Chaco region.

Before entering the judge's office, the retired general disclosed that in September 1990, when the existence of an aircraft loaded with 343 kg of cocaine and parked at the Parque Cue airstrip in the Fortin Gabino Mendoza District of the Chaco region was reported, no record was drawn up "because it was a proceeding totally controlled by the DEA."

Samaniego added that they [not further specified] were aware of the existence of this airstrip because it was used by hide traffickers until it was destroyed.

Samaniego declared that he was in Parque Cue incognito, "as an observer" of the maneuver carried out by the aircraft's pilot (who much later was identified as Carlos Amado Recalde).

The retired general added: "We were waiting for the aircraft to take off again to determine where it was scheduled to land and with whom the pilot was scheduled to meet so as to catch them."

Samaniego did not want to elaborate on other details about the so-called "undercover operation." He also did not want to rebuff the remarks that pilot Recalde made to a television program and to a judge. Recalde said he was convinced he was working for the government in the struggle against drug traffickers.

Samaniego's report that no records were drawn up in such an important investigation drew attention, even though, afterwards, when the suspect "escaped," the courts were urgently called to take action and the press extensively covered the seizure of the large cocaine shipment.

Regrettable

Asked to voice an opinion on the tragic death of General Rodriguez, who was our country's antinarcotics secretariat chief, Samaniego said: "Regrettable, regrettable, very regrettable."

Former 3d Army Corps Commander Ricardo Rojas Ortiz, another retired general, testified prior to General Samaniego, but did not supply additional data on the case. Rojas Ortiz merely limited himself to responding that he was in no way involved in the operation.

Former Dinar [National Narcotics Directorate] chief Fulvio Aldama, a retired police superintendent, is also scheduled to testify in this case.

Peru

State of Emergency Extended 60 Days in Pasco, Puno

PY1210205494 Lima Radio Programas del Peru Network in Spanish 1800 GMT 12 Oct 94

[FBIS Translated Text] At the request of the Armed Forces joint command, the government has extended until 12 December the state of emergency in Pasco Department.

This measure affects the provinces of Huancayo, Concepcion, Juaja, Satipo, and Yanchamayo in Junin Department; the provinces of Castrovirreyna, Huaitara, and Huancavelica in Huancavelica Department; the provinces of Lucanas, Huamanga, Cangallo, and La Mar in Ayacucho Department; and Quimbire District in La Convencion Province, Cusco Department.

The measure is published in the official gazette. It states that basic rights are suspended. These include the ban on raiding private homes, the right to assembly peacefully without weapons, and to chose where to reside.

Also at the request of the Armed Forces joint command, the government extended until 12 December the state of emergency in Melgar and Asangaro Provinces in Puno Department according to a supreme decree published in the official gazette.

Here again, the measure states that basic rights are suspended such as the ban on raiding private homes, the right to assembly peacefully without weapons, the right to chose where to reside, and the right to be arrested only on an arrest warrant or by the police when caught red handed.

Uruguay

Foreign Minister on Haiti's Cedras, Upcoming Menem Visit

PY1310031694 Montevideo Radio Carve in Spanish 0000 GMT 13 Oct 94

[FBIS Translated Excerpt] [passage omitted] Foreign Minister Sergio Abreu confirmed Argentine President Carlos Menem's agenda for his visit to our country on 14 October and denied that former Haitian President [title as heard] Raoul Cedras had requested entry into our country.

[Begin recording] [Abreu] No, no request at all. We actually do not have any type of communication—formal or informal.

[Reporter] Another ongoing issue involves the presence of the Argentine president within just a few hours. Are there any preparations being made for his visit? How?

[Abreu] President Menem actually will be arriving for a very important bilateral meeting in which we will sign four agreements on river transportation, a permanent consultative commission between the two countries, issues linked to border integration, and issues linked to revalidation of degrees. [passage omitted] [end recording]

Venezuela

Miraflores Declaration Addresses Need To Control Guerrillas

PA1210220894 Caracas Union Radio Network in Spanish 2200 GMT 11 Oct 94

[From the "Union Radio News" newscast]

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[FBIS Translated Text] The need to redouble efforts to control, subdue, and eradicate guerrilla groups operating on the Colombian-Venezuelan border is one of the issues addressed by the Miraflores Declaration, which also includes the Colombian Government's commitment to ask its Congress to steadfastly approve the agreement for the detection, recovery, and return of vehicles and the treaty on repatriation of prisoners.

Colombia's Samper Cited on Meeting With Caldera

PA1210145694 Madrid EFE in Spanish 2129 GMT 11 Oct 94

[FBIS Translated Text] Caracas, 11 Oct (EFE)—Venezuela and Colombia will form a common front during the Summit of the Americas, which is to be held in Miami in December on subjects such as the struggle against corruption and the "laundering" of capital derived from drug trafficking, Colombian President Ernesto Samper announced today. In addition, both countries will present a joint proposal to create a Latin American social network that will permit an alternate model for regional development. Samper made the announcements at a news conference held at La Casona Presidential Residence at the end of his two-day official visit to the Venezuelan capital.

Samper, who ruled out the possibility of legalizing drug consumption in his country, said the struggle is not exclusively Colombia's but, rather, it is a commitment of the international community.

"We demand that the international community assume a more serious commitment in the struggle against drug trafficking, because Colombia and Venezuela would not have the problems" both nations are facing today without consumption in industrialized countries.

"Colombia, exercising its sovereignty, has assumed the struggle against drug trafficking, because we are aware of the problem this modern scourge is causing mankind. We also expect developed and drug consuming countries to assume three commitments," Samper added.

Samper urged those countries to reduce drug consumption within their borders, to prevent the sale of chemical products used in the processing of drugs, and to firmly fight the "laundering" of dollars, because the profits "are laundered through the banking systems in those countries."

Commenting on the first official meeting between the newly installed Colombian president and his Venezuelan counterpart, Rafael Caldera, Samper said they agreed to expedite the definition of common customs tariffs for the Andean region, "which should be ready before 31 December."

"We have identified approximately 30 or 35 subjects on which we will work together and have created technical commissions that will begin studying those topics with the participation of Venezuelan and Colombian ministers and advisers from both countries," he said.

On another subject, when asked Colombia's position on the Haitian crisis and the possibility of the Bogota government granting political asylum to the Haitian coupists, he ruled out that possibility, saying "we disagree with the regime" of the former Army chief, Raoul Cedras.

"We have not been asked to give asylum to the military leaders, and we would not grant them asylum either," Samper said flatly.

Regarding the Cuban crisis, Samper called for finding a quick solution among all the members of the Latin American community "so the last conflict from the Cold War, the Cuban problem, can be solved before the end of this century."

Commenting on the integration process promoted by the Group of Three, Colombia, Mexico, and Venezuela, Samper said there is no reason to fear integration, adding they renewed their commitment during his meeting with the Venezuelan president to implement the agreements to establish and promote the group.

"This opportunity is a good one for Colombian and Venezuelan businessmen to enter a broader market offered by NAFTA, which was signed by Mexico, Canada, and the United States."

Samper said, however, the economic adjustment plans being implemented in Venezuela and Colombia should be legitimized with social programs by increasing investments in health, education, and housing.

The economic model should also be legitimized so as "not to have a game of winners and losers and instead to make a larger number of Latin Americans feel that they will also receive the benefits of the adjustment process."

On the dispute over the delimitation of maritime and submarine waters, which both countries have been trying to settle for 40 years, Samper said he is confident and optimistic the path of direct dialogue can lead "to the finding of a final solution soon."

Discusses Congress, Democratic Struggles

PA1210220994 Caracas Union Radio Network in Spanish 2200 GMT 11 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Colombian President Ernesto Samper believes the existence of a congress marks the difference between democracy and dictatorship. Maria Lilibeth Dacorte filed this report.

[Dacorte] During President Samper's speech to the joint session of Congress, he praised the existence of congress as a foundation for democratic systems. He also spoke about the democratic struggles that could be waged should Colombia and Venezuela (?unite) in escaping poverty, corruption, and dependence. Samper urged

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both Colombians and Venezuelans to take care of our political and democratic system.

[Begin Samper recording] The social violence experienced here, as experienced in Mexico and Colombia, shows us that we are not on the right track. We need to brandish again the forgotten social leadership, rescue concepts like agricultural development, and open the doors to the ever-growing and overwhelming participation of sectors alienated from political processes. We want to strengthen and even maintain our political systems. The Latin America democratic consolidation process is crossing the threshold of a different and alternate development model. It is a model that differs from the populism of three years ago and from the neoliberalism of one decade ago. [applause] It is model that will strengthen competitiveness and will open our economies to the world; it is model whose main objective is to find a better life for our people. [end recording]

[Dacorte] The main issue addressed by Samper during his speech was the social integration of the two nations needed to guarantee the future well-being of the two peoples.

Explains Economic Strategy

PA1210221094 Caracas Union Radio Network in Spanish 2200 GMT 11 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Colombian President Ernesto Samper has told Venezuelan businessmen of two governments' resolve to overcome existing trade imbalances. Cecilia Pachano has the story.

[Pachano] The Colombian president explained to approximately 50 Venezuelan businessmen the characteristics of the economic policies he is adopting during his term. According to Samper, his economic strategy has three foundations: the transformation and opening of the economy to make it more competitive by modernizing its structure and opening such previously reserved sectors as telecommunications to foreign investment; the promotion and reactivation of the agricultural sector; and social investments.

[Begin recording] [Unidentified reporter] What does this strategy have to do with international policies? What could you interest us in?

[Samper] Basically, we want to continue to honor the international trade commitments made during the previous government. We will actively work on reactivating the Andean Group. We have already discussed some problems we are facing as we implement the Group of Three agreement. We believe we must resolve these problems prior to being able to enter into a larger Caribbean market. As you are aware, Colombia is a country that could join NAFTA, which would allow us to have direct relations with the United States, Canada, and Mexico. But we fear that the U.S. Congress will not issue the fast-track authorizations this year. [end recording]

[Pachano] With these strategies in mind, President Samper hopes to make his nation a large center of investment.

Meanwhile, the Venezuelan businessmen informed Samper of their concerns over the lack of security in border areas, the incorporation of small and medium-size industries in the binational process, and the possibility of Venezuelan suppliers meeting the purchasing needs of Colombian state-owned enterprises, especially in the oil sector. The businessmen also expressed their willingness to honor the commitments with their Colombian counterparts and broaden the excellent trade relations between the two nations.

Says Discussions on Gulf Continuing

PA1210221194 Caracas Venezolana de Television Network in Spanish 1750 GMT 11 Oct 94

["Excerpt" of news conference with President Ernesto Samper by Venezuelan and Colombian reporters, and unidentified moderator, at La Casona Presidential House in Caracas—live]

[FBIS Translated Text] [Venezolana de Television reporter] Good afternoon, Mr. President. Welcome to Venezuela. I would like to ask you if you think there is a possibility of reaching a definite agreement on the Gulf of Venezuela issue during your administration. I also want to know if the presidential high commissioners for sea and undersea areas are to be changed and, if so, who the new authorities would be.

[Samper] We trust, we are optimistic, that direct talks being held will soon allow us to find a definite solution to our differences on sea and hydrographic areas. We are going to keep talking. This is the decision that President Caldera and I have made. We have restated our trust in the commissions that have been working on this issue. Today we also agreed to expand the size of the commissions by one member, one on the Venezuelan side and one on the Colombian side. This will happen in the next few days. We have developed the firm will to continue backing the work of the commissions, which today handed to us a very positive report on the progress that has been made.

[Norberto Matas, Colombian television reporter] What issues will be presented as a common call at the Summit of the Americas?

[Samper] We have decided on some issues that we will back jointly. They include President Caldera's call for a hemispheric front to struggle against corruption, Colombia's proposal that an agreement be signed at the Summit of the Americas to fight money laundering, which as you know is an international crime that begins in one country and is wrapped up in another and that therefore requires

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an international effort to check, and the proposal I presented today in the Venezuelan Congress for the creation of a Latin American social organization and the initiation of something on which we also agree with President Caldera: an alternate development model for Latin America that would involve not only economic reforms like the ones that have been implemented but also social commitments to distribute in a more generous fashion whatever economic benefits we may secure with the new model.

[EL GLOBO reporter] President Samper, yesterday, in referring to the Gulf of Venezuela, you spoke about semantic provocations. So that we may abstain from semantic provocations, we would like to know what your name is for the Gulf. You always refer to the Gulf generically. We want to know what gulf you are talking about.

[Samper] I do not want to make into another semantic mistake. I am referring to the same Gulf as you: the Gulf of Venezuela, which is, as I explained in answer to the first question, the source of conversations on possible differences that may exist over this Gulf.

Suriname

Paper: Unrest Grows Among Army Officers

BR1210142094 Rotterdam NRC HANDELSBLAD in Dutch 11 Oct 94 p 11

[Report by Leo Morpurgo: "Unrest Raises Again Among Surinamese Officers"]

[FBIS Translated Excerpt] One year after Commander in Chief Gorre took over, the Surinamese National Army is still in a pitiful condition. The military is grumbling and the government is watching enviously how [former Army Chief] Bouterse is winning prestige.

Surinamese Defense Minister Sigfrid Gilds's stay in the Netherlands was a short one, after arriving at Schiphol on Sunday [9 October] on a stopover from Indonesia. Following instructions from President Venetiaan, Gilds had to cut short his visit and return to Suriname early this week to deal with the rising unrest in the Army. The military is unhappy about Gilds and complains about the deterioration of military equipment.

Last week the unrest came out during a meeting between Commander in Chief Gorre and a delegation of officers. The group of officers made it clear that Venetiaan must intervene to bring an end to the problems in the Armed Forces. Despite earlier promises and Netherlands financial support, the officers suspect Gilds of deliberately doing nothing to solve the unease in the Armed Forces. They believe that he wants to do away with the Army's influence in a settling of accounts from the time when it ruled the country. [passage omitted]

Civil Servants Call for General Strike

BR1210142194 Rotterdam NRC HANDELSBLAD in Dutch 11 Oct 94 p 11

[Unattributed report: "Surinamese Civil Servants on Strike"]

[FBIS Translated Excerpt] The Surinamese civil service trade unions have called for a general strike of unlimited duration. Most offices are virtually empty and the schools are also closed.

The strike has been called by the CLO [Coordination Team of Dissatisfied Civil Servants and Civil Service Trade Union]. The civil servants are protesting against the financial problems at the State Health Insurance Fund and are demanding the implementation of the salary agreements signed in 1990 by the government and the CLO over effective prices measures, delayed bonuses, building and farming land plots for civil servants, and the introduction of a pension fund. They are also demanding adequate remuneration for higher and middle management. [passage omitted]

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